

**HCmed Innovations Co., Ltd.**

**2024 Annual Report of Shareholders'  
Meeting**

**Inquiry website of annual report**  
**<http://mops.twse.com.tw>**

**Published on June 13, 2025**

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**V. Name of the trading venue where overseas securities are listed and the method for inquiring about the information on such overseas securities: Not applicable.**

**VI. Company website: <https://www.hcmmed-inno.com>**

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## One. Shareholders' Report

Dear Shareholders,

The key operating results for 2024 and the business plan for the current year are as follows:

### I. Business results for 2024

#### (I) Business plan implementation results

In 2024, the Company made significant business progress. Having cultivated the drug-device combination market for many years, in 2024, the Company officially signed joint development collaboration agreements for two CDMO projects mentioned in 2023, the drug-device combination project with Customer A in July and the Zambon\_Colistimethate sodium drug-device combination project in October. In addition, the collaboration for the recommended drug IFU-specific product mentioned in 2023, Genentech\_Pulmozyme®, was successfully signed with Aerogen Limited in August. Shipments to the U.S. are expected to begin in the first quarter of 2025, with sales to be carried out by Aerogen Limited in the United States.

Company A's project is a drug-device combination product that combines a best-selling drug for treating lung diseases owned by a US unicorn company with a specific nebulizer. The existing nebulizer for a drug combination was designed and developed by a European company. However, after the product was bought out by Company A, there were no relevant personnel to maintain and update the design. After years of patient feedback, Company A planned to cooperate with HCmed to customize a new product based on HCmed's new generation ADP nebulizer and replace the existing nebulizer. In terms of regulations, bridge testing was used to avoid unnecessary clinical trials and accelerate the product's market launch. In addition to the profits brought by future product sales, the cooperation between HCmed and Company A also proves that the well-known pharmaceutical company has full confidence in HCmed's product conditions and customization capabilities, and is willing to work with HCmed to move towards the next harvest period with products that already sell more than US\$500 million each year.

In addition to the term sheet negotiations in 2023, Company A also conducted a feasibility study to confirm the feasibility of the product and technology cooperation between the two parties. For this project, HCmed brought in its shareholder, Formosa Laboratories, Inc., to provide HPLC drug testing services in collaboration with Company A. The work was completed in August 2023 and yielded very good results. Since term sheets and development agreements often require lengthy negotiations, to avoid delays in the product launch, Company A and HCmed signed an early development agreement worth US\$650,000 in October 2023. Through this preliminary project agreement, HCmed is able to offer more comprehensive development planning and testing services to Company A. The development agreement was signed in October 2024. The entire contract included a signing bonus of US\$3,000,000, development milestone bonus of US\$9,500,000, and sales quality

bonus of US\$5,000,000. It is expected that the joint product certification will be in 2027 and sales will be in 2028.

In addition to the above-mentioned signing bonus, development bonus, and incentive bonus, the contract also stipulates a minimum purchase quantity and unit purchase price to ensure HCmed's profits from future product sales.

At the end of 2024, the Company received a contract fee of US\$2,100,000 (30% withheld at source), and the revenue for that year officially exceeded NT\$100 million, creating the best revenue in the history of HCmed.

Zambon\_Colistimethate sodium project is a drug-device combination project jointly developed using the drug Colistimethate sodium (CMS) from the Italian company Zambon together with a specific nebulizer. Its indicated use is for non-cystic fibrosis bronchiectasis (NCFB). The project has completed Phase 3 clinical trials. The original nebulizer used was the I-neb from Philips; however, Zambon intends to replace I-neb with the Company's customized ADP product. As such, collaborative development discussions with HCmed began in 2023, and the term sheet was signed in July 2023. In July 2024, the Company signed a development agreement with Zambon for a contract value of US\$250,000. In the same year, the Company completed milestone 1 and obtained US\$100,000. The project is expected to complete the bridge test and obtain certification in 2027, and mass production will begin in 2028.

In August 2024, the Company signed a global exclusive authorized distribution contract (excluding Taiwan) for Pulmogine with Aerogen Limited, a leading brand of in-hospital nebulizers in Galway, Ireland. We look forward to selling our first-generation products to the world through Aerogen Limited's global sales team. Aerogen Limited is a long-established nebulizer company. Its nebulizers are different from ours and are designed for use in hospitals. They are sold in 75 countries around the world, and more than 20 million patients have used Aerogen Limited's products. Aerogen Limited hopes to make up for the fact that patients do not have suitable nebulizers to use at home when they are discharged from the hospital by licensing Pulmogine, thereby meeting patients' clinical needs and increasing medical compliance. This project is expected to achieve global sales of more than 100,000 units by the fifth year and will be a stable revenue contributor for the Company.

With the assistance of our team and Yuanta Securities, the Company was successfully listed on the Emerging Stock Board on June 25, 2024 at NT\$57. The highest point on the same day reached nearly NT\$85, which showed the market's expectations for the Company. After listing on the Emerging Stock Board, the team discussed with Yuanta Securities and quickly launched a plan to list its technology business. It plans to apply for a technology business approval letter through the unique CDMO nebulizer platform model and for listing on the stock exchange. After communicating with the Industrial Development Administration, Ministry of Economic Affairs (formerly the Industrial Bureau), the Company confirmed the direction of submission. After three months of data collection and writing, we successfully held the first communication with the staff of the Industrial

Development Administration in December 2024. We also submitted the product evaluation report to the Industrial Development Administration for review through an unofficial submission method to accelerate the overall schedule. The Company plans to formally submit its technology business application in February 2025 and apply for an IPO after obtaining the technology business approval letter.

Overall, HCmed achieved some success in CDMO services for high-priced drugs in 2024 and made considerable progress in commercial cooperation. At the same time, it has created higher value for the Company through the Emerging Stock Board/OTC listing plan.

## (II) Budget implementation

In 2024, the Company only set internal budget targets and did not disclose financial forecasts to the public. The overall budget implementation is still within the scope of the Company's targets.

## (III) Analysis of financial income, expenditure and profitability

### 1. Finance income and expenditure Unit: NTD thousand

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

Note 1: Obtained US\$3,000,000 from the signing of a contract with Company A in 2024.

### 2. Device sales

Customers (region)	2024 (number of units shipped)	2023 (number of units shipped)
OTC (over-the-counter) market (Note 2)	2,365	744

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

### 3. Profitability Unit: Thousand shares

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

Note 3: The large fluctuation in the gross profit margin is due to the Company's business model being CDMO. The licensing fees and milestone fees collected from customers will fluctuate at different stages.

(IV) R&D status

Product/Model number	Key technology focus	R&D achievements/progress
Deepro®/Pulmogine®/Deepro®/HCM-86C	<ul style="list-style-type: none"> <li>• Mesh-type continuous nebulization technology</li> <li>• IP55 waterproof structural design</li> <li>• High-efficiency drive circuit</li> <li>• One-button cleaning function</li> <li>• Simple operation design</li> <li>• Safe nebulizer medicine cup</li> </ul>	<ul style="list-style-type: none"> <li>• Completed development and mass production</li> <li>• Taiwan TFDA Class II medical device market approval</li> <li>• EU CE mark (MDD approval obtained and MDR recertification application in progress in 2024)</li> <li>• US FDA 510(k) market approval in 2022</li> <li>• Australian TGA market approval in 2023</li> <li>• UK market approval in 2024</li> </ul>
AdheResp®/ ADP-01	<ul style="list-style-type: none"> <li>• Mesh-type nebulization technology</li> <li>• Breath-actuated function</li> <li>• Bluetooth connection</li> <li>• NFC drug-lock feature</li> <li>• Rechargeable lithium battery</li> </ul>	<ul style="list-style-type: none"> <li>• Completed product design and development</li> <li>• Completed small-scale pilot production and process validation</li> <li>• US FDA 510(k) application in progress in 2024</li> </ul>
ADP-02	<ul style="list-style-type: none"> <li>• Customized configurations (drug binding/combination products/non-cystic fibrosis bronchiectasis NCFB)</li> <li>• Large-capacity drug reservoir design</li> <li>• High-efficiency nebulization function</li> </ul>	<ul style="list-style-type: none"> <li>• Completed prototype design and functional verification in 2022</li> <li>• Completed ergonomic analysis of the prototype in 2021</li> <li>• Completed primate toxicology tests in 2022</li> <li>• Completed multinational, multicenter phase 1 clinical trials in 2023</li> </ul>
ADP-03	<ul style="list-style-type: none"> <li>• Customized configurations (drug binding/combination products/non-cystic fibrosis bronchiectasis NCFB)</li> <li>• Small-capacity, metered drug reservoir design</li> <li>• High flow resistance design</li> </ul>	<ul style="list-style-type: none"> <li>• 3D/CNC prototype design and verification phase</li> </ul>
ADP-05	<ul style="list-style-type: none"> <li>• Customized configurations (drug binding/combination products/rare pulmonary diseases)</li> <li>• LED screen display</li> <li>• Metered-dose nebulization design</li> <li>• Breathing frequency control</li> <li>• Small-capacity drug reservoir design</li> </ul>	<ul style="list-style-type: none"> <li>• 3D/CNC prototype design and verification phase</li> <li>• Process design and development</li> </ul>



## II. Business plan overview for 2025

### (I) Management policy

The Company specializes in the development of inhalation drug-device combination products and operates as a CDMO. In terms of CDMO, it specializes in serving international pharmaceutical companies in the development of inhaled drug-device integrated new drugs, providing pharmaceutical companies with exclusive delivery platforms to increase drug delivery efficiency and better therapeutic effects, and obtain signing fees, milestone fees from the development process, as well as product sales revenue and profits after the product is launched on the market.

The Company has entered the field of nebulizers specifically for advanced drugs. The goal of entering the advanced nebulizer market is to jointly invest in the early clinical development stage of new drugs with pharmaceutical partners, establish the Company's position in the development of advanced medical devices, and attract more international cooperative development opportunities to enhance the Company's value.

### (II) Expected sales volume and its basis and important production and marketing policies

The medical devices currently being developed by the Company are still in the research and development stage, and there are no actual plans for mass production and sales. The current revenue source is mainly from cooperating with international pharmaceutical companies to develop integrated drug and device products. During the signing of the development agreement and the development process, we receive signing fees and milestone fees at each development stage. With strict control of expenditures, we have properly planned for the operating funds required for development in the coming year, and there will be no adverse impact on the Company's ongoing operating plan.

In addition, the Company will also actively cultivate and recruit outstanding talents to develop high-end medical products and expand the Company's operating scale to continually advance the product research and development process, which will be conducive to the promotion of future cooperation with international pharmaceutical companies and will have positive impact on the Company's long-term development and sustainable operation.

## III. Future development strategy of the Company

### (I) The short-term business goal is to carry out long-term licensing and cooperative development with multiple international new drug development pharmaceutical companies,

using the Company's core delivery technology to customize the development of their high-value new drugs, while providing complete patent protection for the integration of drugs and devices, thereby improving the competitiveness and market value of new drugs for pharmaceutical customers. Currently, the Company has started development work with multiple pharmaceutical companies on drug-device combination product development projects, and stacked different R&D progress, so that the Company's revenue can flow from the development milestone funds obtained in the development stage all the way to product certification, production, and sales, thereby obtaining a large amount of product sales revenue and sales incentives.

- (II) The mid- to long-term business strategy is to transform a passive model into an active model by using the established foundation and the assistance of scientific advisors to select topics, select lung treatment drug-device combination products with development value, use in-licensing to combine drugs with therapeutic potential with nebulizers, and then use the 505(b)(2) development process to reduce development risks and costs, shorten the time to market, and finally use out-licensing partner pharmaceutical companies to bring high profits to the Company. Since the amount of R&D investment required at this stage is large, it will be driven by operating performance to avoid exposing the Company to operational risk.

#### IV. The impact of the external competition environment, regulatory environment and overall business environment

The Company has entered the field of nebulizers specifically for advanced drugs and has been developing integrated drug and device products with a number of international pharmaceutical companies. The goal of entering the advanced nebulizer market is to jointly invest with pharmaceutical partners in the early clinical development stages of new drugs, establish the Company's position in the development of advanced medical devices, and attract more international cooperation and licensing opportunities to enhance the Company's value. With the diversification of new drug types and the increasing complexity of clinical treatment needs, pharmaceutical companies' requirements for nebulizer functions have become more complex and diverse. For example, high-priced large-molecule drugs or monoclonal antibody drugs are more difficult to develop in dry powder dosage forms, so pharmaceutical companies are in great need of nebulizers that can aerosolize solution dosage forms and feature high nebulization efficiency and low residue functions. In response to the future needs of smart medical care, they may even need complex functions such as networking and smart detection. However, many pharmaceutical companies do not have relevant in-house medical device R&D

experience. Therefore, in recent years, pharmaceutical companies have a strong demand for external cooperation in high-end nebulizer devices. The Company has insight into this unmet market need and has been actively engaged in the development of advanced nebulizers in recent years. It has also successfully promoted its CDMO business of advanced drug-specific nebulizers. After the launch of its advanced nebulizer technology platform AdheResp, more than 10 pharmaceutical companies from various countries have approached us for cooperation on exclusive nebulizers.

HCmed is a CDMO and drug development company specializing in drug-device combination products. Building upon its existing portfolio of internationally approved medical nebulizer devices, the Company actively pursues the development and market expansion of combination products. Although development timelines can span several years depending on the characteristics of pharmaceutical compounds, and despite the lengthy R&D process and significant upfront investment without immediate returns, the Company's efforts are expected to bear fruit as more pulmonary disease treatments reach completion and increasing emphasis is placed on treatment efficacy and precision.

We extend our deepest gratitude to all shareholders, partners, and suppliers for their continued encouragement and support, as well as to all employees for their dedication and hard work. Our sincerest thanks to each of you!

Chairman: Chieh-Sheng Cheng

Manager: Chieh-Sheng Cheng

Accounting Manager: Wei-Cheng Tu

## Two. Corporate Governance Report

### I. Information on directors, supervisors, the general manager, the deputy general manager, senior managers, heads of departments and branches

#### (I) Directors

##### 1. Information on directors

April 25, 2025; Unit: Shares; %

Job title	Name	Gender/ Age	Nationality or place of registration	Date of initial appointment	Date of election	Term of office (year)	Shares held at the time of election		Current number of shares held		Shares currently held by spouse and underage children		Shares held in the name of others		Major experience/educational background	Concurrent positions held in the Company and other companies	Spouse or other managers, directors or supervisors within the second degree of kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Chieh-Sheng Cheng	Male 41-50 years old	Republic of China	October 6, 2014	May 31, 2024	3	3,336,755	11.11	3,139,815	9.61	-	-	344,000	1.05	<ul style="list-style-type: none"> <li>Department of Engineering Science and Ocean Engineering, National Taiwan University</li> <li>Master's Degree in Industrial Engineering and Management from Yuan Ze University (including the Engineering Economic Systems Program in collaboration with Stanford University).</li> <li>Stanford Advanced Project Management</li> <li>Project Manager of Mobile Display Business Unit, AUO Corporation</li> <li>Sales Manager, AUO US Branch</li> <li>Deputy General Manager, Jastek Limited</li> </ul>	<ul style="list-style-type: none"> <li>General Manager, HCmed Innovations Co., Ltd.</li> <li>Chairman, HCMED UK LIMITED</li> <li>Chairman, Yun Ju Investment Co., Ltd.</li> </ul>	-	-	-	(Note)
Director	Wen-Yu Tsai	Male 41-50 years old	Republic of China	October 6, 2014	May 31, 2024	3	4,032,496	13.43	3,857,893	11.80	-	-	200,000	0.61	<ul style="list-style-type: none"> <li>Department of Electronic Engineering, Asia Eastern University of Science and Technology</li> <li>R&amp;D manager, HEALTH&amp;LIFE CO., LTD.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Operating Officer, HCmed Innovations Co., Ltd.</li> <li>Chairman, Yu Hsun Co., Ltd.</li> </ul>	-	-	-	-
Director	You Yang Management Consultant Co., Ltd.	-	Republic of China	May 31, 2024	May 31, 2024	3	325,824	1.08	325,824	1.00	-	-	-	-	-	-	-	-	-	-
	Representative: Tsung-Hung Hsieh	Male 51-60 years old	Republic of China	April 30, 2018	May 31, 2024	3	2,696,160	8.98	2,342,794	7.17	4,316	0.01	325,824	1.00	<ul style="list-style-type: none"> <li>Master of Business Administration, National Chiao Tung University</li> <li>Director, AUO Corporation</li> <li>Deputy General Manager, MANZ Group</li> <li>General Manager, Creative Sensor Inc.</li> <li>Chairman, Harvest Precision Innovations Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman, You Yang Management Consulting Co., Ltd.</li> </ul>	-	-	-	-

Job title	Name	Gender/ Age	Nationality or place of registration	Date of initial appointment	Date of election	Term of office (year)	Shares held at the time of election		Current number of shares held		Shares currently held by spouse and underage children		Shares held in the name of others		Major experience/educational background	Concurrent positions held in the Company and other companies	Spouse or other managers, directors or supervisors within the second degree of kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Director	VIVO PANDA FUND, L.P.	-	USA	November 15, 2017	May 31, 2024	3	2,308,926	7.69	2,308,926	7.07	-	-	-	-	-	-	-	-	-	-
	Representative: Mahendra Shah	Male 71-80 years old	USA	November 15, 2017	May 31, 2024	3	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>St. John's University (Master's Degree and PhD)</li> <li>Nextwave pharmaceuticals, CEO, President and Chairman</li> <li>First Horizon Pharmaceutical (FHRX), CEO, President and Chairman</li> <li>EJ Financial Enterprises, Inc., Vice President</li> <li>Fujisawa Pharmaceutical Company, Senior</li> <li>Director, New Business Development</li> <li>LyphoMed, Inc.,</li> <li>Director, New Business Development</li> <li>Bristol Laboratories, Manager, Veterinary Product Development</li> </ul>	<ul style="list-style-type: none"> <li>Vivo Capital, Senior Fellow</li> </ul>	-	-	-	-
Director	Yung-Yi Wu	Female 51-60 years old	Republic of China	July 28, 2022	May 31, 2024	3	46,161	0.15	46,161	0.14	-	-	-	-	<ul style="list-style-type: none"> <li>University of Delaware, Bachelors in Electrical Engineering</li> <li>University of Pennsylvania – Wharton School of Business, Masters of Business Administration (MBA)</li> <li>AstraZeneca Pharmaceuticals</li> <li>PricewaterhouseCoopers Consulting</li> <li>IBM Consulting</li> <li>Pfizer Inc.</li> </ul>	<ul style="list-style-type: none"> <li>KyrMar Advisory Services chairman</li> </ul>	-	-	-	-
Directors	FORWARD ASSET MANAGEMENT LTD.	-	Republic of China	May 31, 2024	May 31, 2024	3	1,000	0.003	1,000	0.003	-	-	-	-	-	-	-	-	-	-
	Representative: Wei-Lien Chung	Male 51-60 years old	Republic of China	July 28, 2022	May 31, 2024	3	10,000	0.03	10,000	0.03	-	-	-	-	<ul style="list-style-type: none"> <li>Master of Laws, Soochow University</li> <li>Master of Agricultural Chemistry, National Taiwan University</li> <li>PhD candidate at the Department of Pathology, University of Cambridge, UK</li> <li>Business Manager, Development Center for Biotechnology</li> <li>Manager, O-Bank Investment Consulting Co., Ltd.</li> <li>Vice President of Business, CIDC Consultants Inc.</li> <li>General Manager, H&amp;Q Asia Pacific</li> <li>Director/General Manager, Hantong Venture Capital Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman and General Manager, FORWARD ASSET MANAGEMENT LTD.</li> <li>Director, InnoPharmax Inc.</li> <li>Representative of Institutional Director, ALLGENESIS BIOTHERAPEUTICS INC.</li> <li>Director, AG Global Inc.</li> <li>Chairman, Feng Fu Investment Co., Ltd.</li> <li>Chairman, King Yan Assets Management Co., Ltd.</li> <li>Representative of Corporate Director, Lian Kai Investment Co., Ltd.</li> </ul>	-	-	-	-

Job title	Name	Gender/ Age	Nationality or place of registration	Date of initial appointment	Date of election	Term of office (year)	Shares held at the time of election		Current number of shares held		Shares currently held by spouse and underage children		Shares held in the name of others		Major experience/educational background	Concurrent positions held in the Company and other companies	Spouse or other managers, directors or supervisors within the second degree of kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	Shih-Hao Fang	Male 41-50 years old	Republic of China	December 23, 2022	May 31, 2024	3	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>• PhD in Telecommunications Engineering, National Taiwan University</li> <li>• Professor of Electrical Engineering, Yuan Ze University</li> <li>• Special Assistant to the President, Yuan Ze University</li> <li>• Visiting Scholar, Research Center for Information Technology Innovation</li> <li>• Distinguished Professor of Electrical Engineering, Yuan Ze University</li> <li>• Director of the Center for Interdisciplinary Innovation and Application of Artificial Intelligence, Yuan Ze University</li> <li>• Director of Research and Development, Yuan Ze University</li> </ul>	<ul style="list-style-type: none"> <li>• Professor of Department of Electrical Engineering, National Taiwan Normal University</li> <li>• Independent Director, Sirius Wireless Inc.</li> </ul>	-	-	-	-
Independent Director	Shang-Yuan Cha	Male 41-50 years old	Republic of China	December 23, 2022	May 31, 2024	3	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>• Department of Accounting/Physical Education, Fu Jen Catholic University</li> <li>• Deputy Team Leader, Deloitte Taiwan</li> <li>• Accounting Assistant, LUNGYEN LIFE SERVICE CORPORATION</li> <li>• Accounting Section Manager, SHEICO Group Co., Ltd.</li> <li>• Visiting Lecturer, Takming University of Science and Technology</li> </ul>	<ul style="list-style-type: none"> <li>• CPA and Director, JenFriends &amp; Co., CPAs</li> <li>• Honorary Accountant, National Innovation and Entrepreneurship Association, R.O.C.</li> <li>• Corporate Appraiser of Taiwan Association of Certified Valuators and Analysts</li> </ul>	-	-	-	-
Independent Director	Chao-Lung Chou	Male 41-50 years old	Republic of China	December 23, 2022	May 31, 2024	3	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>• Financial Law Unit, Department of Law, National Chung Cheng University</li> <li>• Master of Advanced Business Administration, National Chengchi University</li> <li>• Legal Affairs, Qianxiang Yisheng Group</li> <li>• Legal Affairs, First International Computer, Inc.</li> <li>• Attorney-at-Law, Johnson and Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Lawyer, Dean &amp; Partners, Attorneys at Law</li> </ul>	-	-	-	-
Independent Director	Yi-Chen Chen	Female 41-50 years old	Republic of China	May 31, 2024	May 31, 2024	3	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>• PhD, Institute of Medicine, Kaohsiung Medical University</li> <li>• Pediatric Physician at Kaohsiung Medical University Hospital</li> <li>• Chief Pediatrician, Kaohsiung Medical University Hospital</li> <li>• Director of the Pediatric Cardiopulmonary Function Department, Kaohsiung</li> </ul>	<ul style="list-style-type: none"> <li>• Attending Physician at Department of Pediatric Cardiology, Kaohsiung Medical University Hospital</li> <li>• Associate Professor of Pediatrics, Department of Medicine, Kaohsiung Medical University</li> <li>• Director of Pediatrics, Kaohsiung Medical</li> </ul>	-	-	-	-

Job title	Name	Gender/ Age	Nationality or place of registration	Date of initial appointment	Date of election	Term of office (year)	Shares held at the time of election		Current number of shares held		Shares currently held by spouse and underage children		Shares held in the name of others		Major experience/educational background	Concurrent positions held in the Company and other companies	Spouse or other managers, directors or supervisors within the second degree of kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
															Medical University Hospital • Researcher at the Pulmonary Vascular Center of University of Texas Southwestern Medical Center • Visiting scholar at Children's Hospital of Dallas, USA	University Gangshan Hospital				

Note: When the Chairman and the general manager or a person of equivalent rank (top manager) are the same person, spouses or first-degree relatives, the reasons, rationality, necessity and relevant information of the corresponding measures should be explained:

The purpose of the Chairman of the Company concurrently serving as the General Manager is to improve operational efficiency and decision-making execution, to effectively connect Board members so they can participate in the Company's various decisions at any time, and to build consensus in order to facilitate the achievement of resolutions assigned by the Board of Directors. In addition, the Company increased the number of independent directors to four at the general meeting of shareholders on May 31, 2024, in order to implement corporate governance objectives by increasing external supervision and checks and balances within the Board of Directors, and ensuring that more than half of the directors do not serve as employees or managers.

## 2. Major shareholders of the legal shareholder

April 25, 2025

Name of legal shareholder	Major shareholders of the legal shareholder
VIVO PANDA FUND, L.P. (Note)	Mega International Commercial Bank Co., Ltd. as Trustee of the National Development Fund. (39.88%) Cathay Life Insurance Co., Ltd. (9.97%)
You Yang Management Consultant Co., Ltd.	Hsieh Tsung-Hung (99.99%)
FORWARD ASSET MANAGEMENT LTD.	King Yan Assets Management Co., Ltd. (62.00%) Jia La Wei Er Co., Ltd. (30.00%)

Note: The legal shareholder was indirectly established by the National Development Fund Management Committee and the Executive Yuan's National Science and Technology Development Agency Fund. According to the information provided by the legal person and publicly available sources, only partial information on the shareholdings of major shareholders is accessible.

## 3. Major shareholders who are legal entities

April 25, 2025

Name of legal shareholder	Major shareholders of the legal entities
Mega International Commercial Bank Co., Ltd. as Trustee of the National Development Fund.	National Development Fund Management Committee (50.00%) Science and Technology Development Fund, Executive Yuan (50.00%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (100.00%)
King Yan Assets Management Co., Ltd.	Wei-Lien Chung (30.00%) Chin-Yuan Lin (30.00%) Chien-Ta Huang (20.00%)
Jia La Wei Er Co., Ltd.	Mi Rui Meng De Investment Co., Ltd. (40.00%) Jing Yuan Investment Co., Ltd. (40.00%) PharmaStar Investment Cooperative Ventures Inc. (19.96%)

## 4. Disclosure of directors' professional qualifications and independence of independent directors

Name	Conditions	Professional qualification and experience	Independence	Concurrently serves as independent directors of other publicly listed companies
Chieh-Sheng Cheng		<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>	Not applicable	-
Wen-Yu Tsai		<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
You Yang Management Consultant Co., Ltd. Representative: Tsung-Hung Hsieh		<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-



<div> <div>Conditions</div> <div>Name</div> </div>	Professional qualification and experience	Independence	Concurrently serves as independent directors of other publicly listed companies
VIVO PANDA FUND, L.P. Representative: Mahendra Shah	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
Yung-Yi Wu	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
FORWARD ASSET MANAGEMENT LTD. Representative: Wei-Lien Chung	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
Shih-Hao Fang (Independent Director)	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>	<p>In accordance with the provisions of the Company's Articles of Incorporation, directors are elected through the candidate nomination system. When nominating and electing independent directors, the Company has obtained written statements, work experience, current employment certificates, and family relationship tables from each independent director to verify the independence of the Company's independent directors, their spouse, and relatives within the third degree of kinship. The Company has also verified that the following four independent directors meet the qualifications required by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act in the two years prior to their election and during their term of office, and that the independent directors have been granted the power to fully participate in decision-making and to express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and have independently performed their duties accordingly.</p>	-
Shang-Yuan Chang (Independent Director)	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
Chao-Lung Chou (Independent Director)	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-
Yi-Chen Chen (Independent Director)	<ul style="list-style-type: none"> <li>For details on relevant education and experience, refer to (I)1. Information on directors.</li> <li>There is no circumstance under Article 30 of the Company Act.</li> </ul>		-

## 5. Diversity and independence of the Board of Directors

### (1) Diversity of the Board of Directors

The Company advocates and respects the policy of diversity of directors in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors. We believe that the policy of diversity will help improve the overall performance of the Company. The members of the Company's Board of Directors are elected based on the principle of employing people on their own merits, with diverse and complementary capabilities across industries, including basic qualifications and values (such as gender and age), and professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. In order to fulfill supervisory responsibilities, various internal management regulations are established to improve governance functions. Article 20 of the Company's "Corporate Governance Best Practice Principles" states the competencies that the Board of Directors as a whole should possess are as follows:

- I. Operational judgment.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry knowledge.
- VI. International market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

The Company has established the "Corporate Governance Best Practice Principles" and has established the Company's director nomination system in the "Articles of Incorporation". When electing directors and independent directors, the Company considers diversity as an important factor in addition to their professional backgrounds.

The Company's current Board diversity policy and implementation are as follows:

Conditions Name	Basic conditions and values						Industry experience					Professional ability						
	Nationality	Gender	Employee status	Age			Independent Director Years of service	Industry knowledge	Business determination	Business management	Finance and financial analysis	Decision making	Electronics	Medical supplies	Accounting	Law	Biotechnology	
				41 to 50 years old	51 to 60 years old	61 to 70 years old												
Chieh-Sheng Cheng	Republic of China	Male	✓	✓			-		✓	✓	✓	✓	✓	✓			✓	
Wen-Yu Tsai	Republic of China	Male	✓	✓			-	✓	✓	✓	✓	✓	✓	✓			✓	
Tsung-Hung Hsieh	Republic of China	Male			✓		-		✓	✓	✓	✓	✓				✓	
Mahendra Shah	USA	Male				✓	-	✓	✓	✓		✓		✓			✓	
Yung-Yi Wu	Republic of China	Female			✓		-	✓		✓		✓					✓	
Wei-Lien Chung	Republic of China	Male		✓			-	✓	✓	✓	✓	✓		✓		✓	✓	
Shih-Hao Fang	Republic of China	Male		✓			Less than 3 years			✓		✓	✓					
Shang-Yuan Chang	Republic of China	Male		✓					✓	✓	✓	✓			✓			
Chao-Lung Chou	Republic of China	Male		✓					✓	✓	✓	✓					✓	
Yi-Chen Chen	Republic of China	Female		✓					✓				✓					✓

## (2) Independence of the Board of Directors

The Company's Board of Directors has a total of 10 directors, of which 4 are independent directors (accounting for 40.00% of all directors), accounting for more than one-third of the Board seats. Among the directors, there is no violation of any of the provisions specified in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act. In addition, all independent directors meet the requirements of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” regarding independence.

(II) General manager, deputy general manager, senior managers, and heads of departments and branches

April 25, 2025; Unit: Shares; %

Job title	Name	Gender	Nationality	Date of appointment	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Major experience/educational background	Concurrent positions held in other companies	Managers who are spouses or have a relationship within the second degree of kinship			Employee stock options acquired by managers	Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship		
General Manager	Chieh-Sheng Cheng	Male	Republic of China	October 6, 2014	3,139,815	9.61	-	-	344,000	1.05	<ul style="list-style-type: none"><li>• Department of Engineering Science and Ocean Engineering, National Taiwan University</li><li>• Master's Degree in Industrial Engineering and Management from Yuan Ze University (including the Engineering Economic Systems Program in collaboration with Stanford University).</li><li>• Stanford Advanced Project Management</li><li>• Project Manager of Mobile Display Business Unit, AUO Corporation</li><li>• Sales Manager, AUO Corporation's US Branch</li><li>• Deputy General Manager, Jastek Limited</li></ul>	<ul style="list-style-type: none"><li>• Chairman, HCmed Innovations Co., Ltd.</li><li>• Chairman, HCMED UK LIMITED</li><li>• Chairman, Yun Ju Investment Co., Ltd.</li></ul>	-	-	-	(Note 1)	(Note 2)
Chief Operating Officer	Wen-Yu Tsai	Male	Republic of China	October 6, 2014	3,857,893	11.80	-	-	200,000	0.61	<ul style="list-style-type: none"><li>• Department of Electronic Engineering, Asia Eastern University of Science and Technology</li><li>• R&amp;D manager, HEALTH&amp;LIFE CO., LTD.</li></ul>	<ul style="list-style-type: none"><li>• Chairman, Yu Hsun Co., Ltd.</li></ul>	-	-	-		-
Deputy General Manager	Jui-Sui Chen	Female	Republic of China	April 1, 2025	45,000	0.14	-	-	-	-	<ul style="list-style-type: none"><li>• PhD in Medical Engineering, National Yang-Ming University</li><li>• Founder, NaviFUS Corporation</li><li>• Deputy General Manager, Nano Targeting &amp; Therapy Biopharma Inc.</li></ul>	-	-	-	-		
Chief Financial Officer	Wei-Cheng Tu	Male	Republic of China	January 2, 2019	100,000	0.31	-	-	-	-	<ul style="list-style-type: none"><li>• Department of Accounting, Fu Jen Catholic University</li><li>• Master's degree in Biotechnology Management, National Taiwan University</li><li>• Manager of Audit Department, KPMG Taiwan</li></ul>	-	-	-	-		

Note 1: Please refer to the special chapter of this annual report for details of employee stock options held by managers. Chairman of the Company, Mr. Chieh-Sheng Cheng, and Director of the Company, Mr. Wen-Yu Tsai, are both experts in electronic medical devices. To advance the Company's R&D capabilities, Mr. Cheng and Mr. Tsai concurrently serve as General Manager and Chief Operating Officer of the Company, respectively. However, the Company has appointed three independent directors and established functional committees to enhance the effectiveness of the Board and strengthen its supervisory function. The number of directors concurrently serving as managers does not exceed half of the total number of Board seats.

Note 2: When the Chairman and the general manager or a person of equivalent rank (top manager) are the same person, spouses or first-degree relatives, the reasons, rationality, necessity and relevant information of the corresponding measures should be explained:

The purpose of the Chairman of the Company concurrently serving as the General Manager is to improve operational efficiency and decision-making execution, to effectively connect Board members so they can participate in the Company's various decisions at any time, and to build consensus in order to facilitate the achievement of resolutions assigned by the Board of Directors. In addition, the Company increased the number of independent directors to four at the general meeting of shareholders on May 31, 2024, in order to implement corporate governance objectives by increasing external supervision and checks and balances within the Board of Directors, and ensuring that more than half of the directors do not serve as employees or managers.

## II. Remuneration paid to directors, supervisors, general manager and the deputy general manager in the most recent year

### (I) Remuneration to general directors and independent directors

December 31, 2024; Unit: NTD thousand; %

Job title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of net profit after tax		The relevant remuneration received by part-time employees								The sum of A, B, C, D, E, F and G as a percentage of net profit after tax		Remuneration received from the reinvested business other than subsidiaries or from the parent
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, and special expenses, etc. (E)		Severance pay and pension (F)		Employees' remuneration (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			
														Cash amount	Stock amount	Cash amount	Stock amount					
Chairman	Chieh-Sheng Cheng	-	-	-	-	-	-	-	-	-	-	6,610	6,610	-	-	-	-	-	-	6,610 (8.45)	6,610 (8.45)	-
Director	Wen-Yu Tsai	-	-	-	-	-	-	-	-	-	-	5,722	5,722	-	-	-	-	-	-	5,722 (7.32)	5,722 (7.32)	-
Director	Tsung-Hung Hsieh (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	You Yang Management Consultant Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative: Tsung-Hung Hsieh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	VIVO PANDA FUND, L.P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative: Mahendra Shah																					
Director	Yung-Yi Wu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Wei-Lien Chung (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	FORWARD ASSET MANAGEMENT LTD. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative: Wei-Lien Chung																					
Independent Director	Shih-Hao Fang	420	420	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-	-	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-
Independent Director	Shang-Yuan Chang	420	420	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-	-	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-
Independent Director	Chao-Lung Chou	420	420	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-	-	-	-	-	-	-	-	420 (0.54)	420 (0.54)	-
Independent Director	Yi-Chen Chen (Note 2)	245	245	-	-	-	-	-	-	245 (0.31)	245 (0.31)	-	-	-	-	-	-	-	-	245 (0.31)	245 (0.31)	-

1. Please describe the policy, system, standards, and structure for the payment of remuneration to independent directors, and explain the correlation between the responsibilities, risks, time invested, and other factors and the amount of remuneration paid: When independent directors perform their duties, the Company may pay them a fixed amount of remuneration on a monthly basis regardless of the Company's operating profits or losses. The remuneration paid to independent directors is determined based on their level of participation in the Company's operations and the value of their contributions, and may be submitted by the Board of Directors to the Remuneration Committee for adjustment. Independent directors do not participate in the Company's remuneration distribution. The Company does not provide independent directors with retirement pensions, transportation expenses, special expenses, travel expenses and various allowances. However, if they need to travel for a business trip due to the Company's operational requirements, they may receive subsidies in accordance with the "Regulations for Travel and Business Expenses".

2. In addition to the above disclosures, remuneration received by the Company's directors for services rendered in the most recent year (such as serving as consultants to the parent company/all companies included in the financial statements/reinvestment businesses without being employees, etc.): None.

Note 1: On May 31, 2024, all directors were re-elected at the shareholders' meeting. Resigned on that day and took office as the legal representative director.

Note 2: Took office after being elected by the shareholders' meeting on May 31, 2024.

Remuneration brackets table

Remuneration bracket for each director of the Company	Name of director			
	Total remuneration of the first four items (A+B+C+D)		Total remuneration of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Chieh-Sheng Cheng, Wen-Yu Tsai, You Yang Management Consulting Co., Ltd. (Representative: Tsung-Hung Hsieh), VIVO PANDA FUND, L.P. (Representative: Mahendra Shah), Yung-Yi Wu, FORWARD ASSET MANAGEMENT LTD. (Representative: Wei-Lien Chung), Shih-Hao Fang, Shang-Yuan Chang, Chao-Lung Chou, Yi-Chen Chen	Chieh-Sheng Cheng, Wen-Yu Tsai, You Yang Management Consulting Co., Ltd. (Representative: Tsung-Hung Hsieh), VIVO PANDA FUND, L.P. (Representative: Mahendra Shah), Yung-Yi Wu, FORWARD ASSET MANAGEMENT LTD. (Representative: Wei-Lien Chung), Shih-Hao Fang, Shang-Yuan Chang, Chao-Lung Chou, Yi-Chen Chen	You Yang Management Consulting Co., Ltd. (Representative: Tsung-Hung Hsieh), VIVO PANDA FUND, L.P. (Representative: Mahendra Shah), Yung-Yi Wu, FORWARD ASSET MANAGEMENT LTD. (Representative: Wei-Lien Chung), Shih-Hao Fang, Shang-Yuan Chang, Chao-Lung Chou, Yi-Chen Chen	You Yang Management Consulting Co., Ltd. (Representative: Tsung-Hung Hsieh), VIVO PANDA FUND, L.P. (Representative: Mahendra Shah), Yung-Yi Wu, FORWARD ASSET MANAGEMENT LTD. (Representative: Wei-Lien Chung), Shih-Hao Fang, Shang-Yuan Chang, Chao-Lung Chou, Yi-Chen Chen
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-	Chieh-Sheng Cheng, Wen-Yu Tsai	Chieh-Sheng Cheng, Wen-Yu Tsai
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	10 people	10 people	10 people	10 people

(II) Remuneration to supervisors: Not applicable.

(III) Remuneration to general manager and deputy general manager

December 31, 2024; Unit: NTD thousand; %

December 31, 2024, Unit: NTD thousand, %

Job title	Name	Salaries (A)		Severance pay and pension (B)		Bonuses and special expenses, etc. (C)		Amount of employees' remuneration (D)				The sum of A, B, C and D as a percentage of net profit after tax		Remuneration received from the reinvested business other than subsidiaries or from the parent company
		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		in the financial statements All companies		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Chieh-Sheng Cheng	3,914	3,914	-	-	2,696	2,696	-	-	-	-	6,610 (8.45)	6,610 (8.45)	-
Chief Operating Officer	Wen-Yu Tsai	3,812	3,812	-	-	1,910	1,910	-	-	-	-	5,722 (7.32)	5,722 (7.32)	-

Remuneration brackets table

The remuneration range for each general manager and deputy general manager of the Company	Name of general manager and deputy general manager	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Chieh-Sheng Cheng, Wen-Yu Tsai	Chieh-Sheng Cheng, Wen-Yu Tsai
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—
More than NT\$100,000,000	—	—
Total	2 people	2 people

(IV) Remuneration of the top five highest paid executives of listed and OTC companies in 2024: Not applicable.

(V) Names of managers who distributed employee remuneration in the most recent year and the distribution situation: The Company's operations are still in the loss-making stage and there is no surplus, so there is no distribution of bonuses to employees.

(VI) A comparative analysis of the ratio of total remuneration paid by the Company and all the companies in the consolidated financial statements to the Company's directors, supervisors, general manager and deputy general manager in the most recent two years to the net profit after tax in the parent company only or individual financial statements, and an explanation of the policy, standards, and combination of remuneration payment, the procedure for setting remuneration, and its relevance to operating performance and future risks:



1. Analysis of the ratio of total remuneration paid by the Company and all the companies in the consolidated financial statements to the directors, supervisors, general manager and deputy general manager of the Company in the most recent two years to the net profit after tax in the parent company only or individual financial statements

Unit: NTD thousand; %

Job title	2023				2024			
	Total remuneration		Total remuneration as a percentage of net profit after tax		Total remuneration		Total remuneration as a percentage of net profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Directors (Note)	1,260	1,260	(0.76)	(0.76)	1,505	1,505	(1.92)	(1.92)
General Manager and Deputy General Manager	10,733	10,733	(6.47)	(6.47)	12,332	12,332	(15.77)	(15.77)

Note: Remuneration to independent directors.

2. The policy, standards and combination of remuneration, the process of setting remuneration, and their relationship with business performance and future risks

(1)Directors: In accordance with the Articles of Incorporation of the Company, if the Company makes a profit in a year, the Board of Directors may resolve to allocate no more than 5% as directors' remuneration. The resolution shall be made by the Board of Directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and reported to the shareholders' meeting. However, if the Company still has accumulated losses, it should reserve the amount to make up for it in advance and then allocate the directors' remuneration in accordance with the proportion in the preceding paragraph. The Company has not made any profit in the past two years, and therefore did not distribute any directors' remuneration, nor has it had any other variable remuneration. The only remuneration paid to directors is monthly fixed remuneration paid to independent directors, and this fixed remuneration accounts for a low proportion of after-tax profit and loss, has nothing to do with the Company's operating performance or the results of the Board of Directors' performance evaluations, and has no relevance to future risks.

(2)The General Manager and Deputy General Manager: In accordance with the Articles of Incorporation of the Company, if the Company makes a profit in a year, the Board of Directors may resolve to allocate no less than 20% as employees' remuneration. This resolution shall be implemented by the Board of Directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors in attendance, and reported to the shareholders' meeting. However, if the Company still has accumulated losses, it should reserve the amount to offset it in advance and then allocate the employees' remuneration in accordance with the proportion in the

preceding paragraph. The Company has not made any profit in the last two years and therefore did not distribute any employees' remuneration. The remuneration to the General Manager and Deputy General Manager of the Company is determined by taking the salary level in the same industry market into account, the scope of responsibilities of the position, and the achievement of individual performance and contribution to the Company's operating goals. Reasonable remuneration is given and is positively correlated with the operating performance.

### III. Operation of corporate governance

#### (I) Operation of the Board of Directors

As of the date of publication of the annual report in 2024, the Board of Directors had held 12 meetings (A), and the attendance of directors was as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Notes
Chairman	Chieh-Sheng Cheng	12	-	100.00%	-
Director	Wen-Yu Tsai	12	-	100.00%	-
Director	Tsung-Hung Hsieh	2	-	100.00%	Resigned on May 31, 2024; two meetings have been held before resignation in 2024.
Director	You Yang Management Consultant Co., Ltd.	10	-	100.00%	Newly appointed on May 31, 2024. Since taking office, 10 Board meetings have been held as of the date of publication of the annual report.
	Representative: Tsung-Hung Hsieh				
Director	VIVO PANDA FUND, L.P.	9	-	75.00%	-
	Representative: Mahendra Shah				
Director	Yung-Yi Wu	11	-	91.67%	-
Director	Wei-Lien Chung	2	-	100.00%	Resigned on May 31, 2024; two meetings have been held before resignation in 2024.
Director	FORWARD ASSET MANAGEMENT LTD.	10	-	100.00%	Newly appointed on May 31, 2024. Since taking office, 10 Board meetings have been held as of
	Representative: Wei-Lien Chung				

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Notes
					the date of publication of the annual report.
Independent Director	Shih-Hao Fang	12	-	100.00%	-
Independent Director	Shang-Yuan Chang	12	-	100.00%	-
Independent Director	Chao-Lung Chou	12	-	100.00%	-
Independent Director	Yi-Chen Chen	8	-	80.00%	Newly appointed on May 31, 2024. Since taking office, 10 Board meetings have been held as of the date of publication of the annual report.

Other matters to be recorded:

1. If the operation of the Board of Directors has encountered any of the following circumstances, the date, period, content of the proposals, opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated:
  - (1)Matters listed under Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee and is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to the Operation of the Audit Committee on pages 21 to 24 of the annual report.
  - (2)In addition to the above matters, other matters resolved by the Board of Directors that were opposed or reserved by the independent directors and have records or written statements: No such situation.
2. The implementation of recusal from the resolution regarding conflict of interest shall state the name of the director, the content of the resolution, the reason for recusal and the voting status:

Date/term of Board meeting	Name of director	Proposal content	Reasons for recusal	Participation in voting
April 18, 2024 20th meeting of the 3rd term	Chieh-Sheng Cheng Wen-Yu Tsai	Formulation of the “2023 Performance Evaluation Form” for the Company's managers.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
	Wei-Lien Chung	The Company's 2024 shareholders' meeting proposed to review the qualifications of the candidates for re-election of directors and independent directors.	The director who recused himself/herself has a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
August 9, 2024 3rd meeting of the 4th term	Chieh-Sheng Cheng Wen-Yu Tsai	Special incentive bonus distribution plan for the Company's managers.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
November 13, 2024 6th meeting of the 4th term	Chieh-Sheng Cheng Wen-Yu Tsai	Special incentive bonus distribution plan for the Company's managers.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for Director Wei-Lien Chung who abstained in accordance with the law and did not participate in the discussion and voting, all other directors present had no objection and the proposal was approved.
December 20, 2024 7th meeting of the 4th term	Chieh-Sheng Cheng Wen-Yu Tsai	The Company's 2024 managers' performance evaluation.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
	Chieh-Sheng Cheng Wen-Yu Tsai	Distribution of 2024 year-end bonuses to managers of the Company.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without

Date/term of Board meeting	Name of director	Proposal content	Reasons for recusal	Participation in voting
				objection by other directors present.
	Chieh-Sheng Cheng Wen-Yu Tsai	Salary adjustment for managers in 2025.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
	Chieh-Sheng Cheng Wen-Yu Tsai	The Company's 2025 managers' performance evaluation goals and reward plan.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, other directors present decided not to discuss this proposal for the time being.
March 14, 2025 9th meeting of the 4th term	Chieh-Sheng Cheng Wen-Yu Tsai	The Company's 2024 operating performance bonus distribution plan.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.
	Chieh-Sheng Cheng Wen-Yu Tsai	The Company's 2025 managers' performance evaluation goals and reward plan.	The Chairman and directors who recuse themselves have a personal interest in the content of the proposal.	Except for those who abstained in accordance with the law and did not participate in the discussion and voting, the proposal was approved without objection by other directors present.

3. Listed companies shall disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self-evaluation (or peer evaluation), and shall fill in the implementation of the Board of Directors' evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Performed once a year	January 1, 2024 - December 31, 2024	1.Board of Directors 2.Individual Board member 3.Functional committees	1.Board of Directors' self-evaluation 2.Self-evaluation of Board members 3.Self-evaluation of functional committees	Note

Note:

- (1)Self-evaluation of the Board of Directors: Including five major items such as the degree of participation in the Company's operations, improvement of the quality of the Board's decision-making, Board composition and structure, election and continuous training of directors, and internal control, with a total of 45 indicators.
  - (2)Self-evaluation of Board members: Including six major items such as understanding of the Company's goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control, with a total of 23 indicators.
  - (3)Self-evaluation of functional committees: Including five major items such as the degree of participation in the Company's operations, awareness of the functional committee's responsibilities, improvement of the functional committee's decision-making quality, the functional committee's composition and member selection, and internal control, with a total of 24 indicators.
4. Goals for strengthening the functions of the Board of Directors in the current year and the most recent year (e.g. establishment of an audit committee, improvement of information transparency, etc.) and implementation status evaluation:
- (1)The Company has established "Rules of Procedure for Board of Directors Meetings" to effectively establish a Board governance system, improve supervisory functions, and strengthen management mechanisms.
  - (2)The Company has purchased "Directors' Liability Insurance" to mitigate legal liability risks and enhance corporate governance capabilities.
  - (3)In order to enhance the professional knowledge and capabilities of directors and implement corporate governance, the Company has arranged corporate governance training and courses on securities regulations for directors.
  - (4)In order to strengthen the functions of the Board of Directors, the Company has appointed four independent directors and established an Audit Committee and a Remuneration Committee to assist the Board of Directors in fulfilling its supervisory responsibilities and actively strengthen the functions of the Board of Directors to enhance corporate governance.
  - (5)The Company discloses important financial and business information on the MOPS and the Company's website in accordance with regulations. It also has a spokesperson and an acting spokesperson system, as well as dedicated personnel responsible for information disclosure and communication.

## (II) Operation of the Audit Committee

The Company's Audit Committee is composed of four independent directors. In addition to implementing the provisions of applicable laws and regulations, the Company's Audit Committee aims to assist the Board of Directors in fulfilling its duties of supervising the fair presentation of the Company's financial statements, the election (dismissal) and independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks.

As of the date of publication of the annual report in 2024, the Audit Committee held 10 meetings (A), and the attendance of the independent directors was as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Notes
Independent Director	Shih-Hao Fang	10	-	100.00%	-
Independent Director	Shang-Yuan Chang	10	-	100.00%	-
Independent Director	Chao-Lung Chou	10	-	100.00%	-
Independent Director	Yi-Chen Chen	6	-	75.00%	Newly appointed on May 31, 2024. Since taking office, the Audit Committee held 8 meetings as of the date of publication of the prospectus.

Other matters to be recorded:

1. If the operation of the Audit Committee involves any of the following circumstances, the date and period of the Audit Committee's meeting, the content of the proposals, the objections, reservations or major suggestions of the independent directors, the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions shall be stated:

(1)Matters listed in Article 14-5 of the Securities and Exchange Act:

Date/term of the Audit Committee	Proposal content	Audit Committee's resolution	The Company's response to the Audit Committee's opinions
February 26, 2024 4th meeting of the 1st term	a. The Company's plan to ratify the amendment to the "Regulations Governing the Issuance and Exercise of the First Employee Stock Options in 2023". b. The Company intends to issue the first employee stock options in 2023, and the list of employees who meet the subscription requirements of stock options. c. Amendment to the Company's "Property, Plant and Equipment Cycle".	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
April 18, 2024 5th meeting of the 1st term	a. The Company's 2023 business report and financial statements. b. The Company's 2023 loss allowance proposal. c. The Company's statement of internal control system for 2023. d. Formulation of the "Management Procedures for Prevention of Insider Trading", "Procedures for Handling Material Inside Information" and "Procedures for Reporting of Insider Equity Change and New Appointment (Dismissal)". e. Amendment to the Company's "R&D Cycle" and "Approval Authority Table".	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.



Date/term of the Audit Committee	Proposal content	Audit Committee's resolution	The Company's response to the Audit Committee's opinions
June 28, 2024 1st meeting of the 2nd term	a. Change of the Company's accounting manager, please proceed to discuss.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
August 9, 2024 2nd meeting of the 2nd term	a. The Company's 2024 second quarter financial statements. b. Propose to authorize the “audit report and follow-up report review” of the Company's audit department to be approved by the Chair of the Audit Committee. c. Amendments to the Company's “Sales and Collection Cycle”, “Procurement and Payment Cycle”, “Property, Plant and Equipment Cycle”, “Property Management Rules” and “Approval Authority Table”.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
September 24, 2024 3rd meeting of the 2nd term	a. The Company's “Plan for the Improvement of Self-Preparation Ability of Financial Statements”.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
November 13, 2024 4th meeting of the 2nd term	a. The Company plans to purchase Zhonghe Plant. b. The Company intends to sign a long-term credit facility with Sunny Bank.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
December 20, 2024 5th meeting of the 2nd term	a. The Company's 2025 financial budget. b. Establishment of the Company's “Sustainable Development Best Practice Principles”, “Sustainable Information Management Procedures” and “Sustainable Reporting and Assurance Procedures”. c. Amendments to the Company's “Rules of Procedure for Board of Directors Meetings”, “Audit Committee Charter” and “Rules for the Implementation of Internal Audits”. d. Amendment to the Company's “Information Management Procedures”. e. Audit plan of the Company for 2025. f. Proposed adjustment of the operating strategy of the UK subsidiary, HCMED UK LIMITED. g. “Procedures for Acquisition or Disposal of Assets” of the UK subsidiary. h. Propose to pre-approve the appointment of CPAs, the CPA firm, and its affiliates to provide non-assurance services to the Company.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.

Date/term of the Audit Committee	Proposal content	Audit Committee's resolution	The Company's response to the Audit Committee's opinions
	i. The Company plans to carry out the first cash capital increase and issue common stock in 2024.		
January 13, 2025 6th meeting of the 2nd term	a. The Company's 2024 cash capital increase and the allocation of shares for non-managerial employees' subscriptions.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
March 14, 2025 7th meeting of the 2nd term	a. The Company's 2024 business report and financial statements. b. The Company's 2024 loss allowance proposal. c. The Company's statement of internal control system for 2024. d. Proposal to handle the cash capital increase before the initial listing to allocate new shares for underwriting, and the original shareholders waive their priority subscription rights. e. Establishment of the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct", "Financial and Business-Related Operations Procedures for Related Parties", "Corporate Governance Best Practice Principles", "Risk Management Policy and Procedures", "Group Enterprises, Specific Companies and Related Party Transaction Operating Procedures" and "Standard Operating Procedures for Handling Directors' Requests". f. Amendments to the Company's "Procurement and Payment Cycle", "Financing Cycle", "Property, Plant and Equipment Cycle", "R&D Cycle" and "Approval Authority Table". g. Assessment of the ability to prepare financial statements. h. Assessment of the independence and suitability of the Company's CPAs. i. The total number of units issued in the second round for the Company's "First Employee Stock Options of 2023" and the list of employees granted stock options.	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.
April 30, 2025 8th meeting of the 2nd term	a. The Company's statement of internal control system b. Amendment to the Company's "Salary Cycle".	The Chair consulted with all the directors present and the proposal was approved without objection.	The Chair consulted with all the directors present and the proposal was approved without objection.

(2) In addition to the above matters, other matters that have not been approved by the Audit Committee but were agreed upon by more than two-thirds of all directors: No such situation.

2. The implementation of an independent director's recusal on the resolution regarding conflict of interest shall state the name of the independent director, the content of the resolution, the reason for recusal and the voting status: No such situation.

3. Communication between independent directors and the internal audit manager and CPAs (including important matters, methods and results of communication on the Company's financial and business conditions, etc.):

(1) The internal audit manager shall issue an audit report on a monthly basis and submit it to the independent directors for review by the end of the next month. They shall also report the progress of internal control audit to the Audit Committee and the Board of Directors on a quarterly basis, including completed audit items and irregularities, and review the contents of the internal control system. If revisions are required, the Audit Office shall submit them to the Audit Committee for approval and then to the Board of Directors for resolution.

(2) Matters of communication between the Company's CPAs and independent directors include providing communication letters with the governance unit before and after the audit, explaining the scope and timeline of the audit, reporting the results of the audit of the financial statements, and significant findings. If there are any special circumstances, they will be reported to the Audit Committee members immediately. As of the date of publication of the annual report, there are no such special circumstances.

(III) The Company's corporate governance practices and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Evaluation items	Operation status			The deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Does the Company establish and disclose its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Corporate Governance Best Practice Principles” and amends them from time to time in accordance with the regulations of the competent authorities and the actual needs of the Company. It is also disclosed in the MOPS and the investor section of the Company's website for investors' reference.	No significant difference.
II. Equity structure and shareholders' equity of the Company				No significant difference.
(I) Does the Company have internal operating procedures to handle shareholders' suggestions, concerns, disputes and litigation, and implement them in accordance with the procedures?	✓		(I) The Company has established a spokesperson system and fully disclosed contact information on the Company's website. Shareholders can express their opinions by phone or email, etc., to ensure the rights of shareholders.	
(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of major shareholders?	✓		(II) The Company regularly compiles the shareholder list based on shareholder register provided by the stock affairs agency on the day the Company suspends share transfers, and maintains good communication and interaction with major shareholders to obtain the list of their ultimate controllers.	
(III) Does the Company establish and implement risk control mechanisms and firewall mechanisms with related companies?	✓		(III) The Company has established the “Rules Governing Financial and Business Matters Between the Company and its Related Parties” for risk control.	
(IV) Does the Company have internal policies prohibiting company insiders from using	✓		(IV) The Company has established “Management Procedures for Prevention of Insider Trading”, “Procedures for Handling Material Inside Information” and “Code of Ethical Conduct” to regulate all members to avoid conflicts	



Evaluation items	Operation status			The deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			After confirmation, the CPAs have no other financial interests and business relationships with the Company except for the fees for audit and tax cases, and the CPA's family members do not violate the independence requirements. The results of the most recent annual assessment were discussed and approved by the Audit Committee on March 14, 2025, and submitted to the Board of Directors, who approved the assessment of the independence and suitability of the CPAs on March 14, 2025.	
IV. Does the listed company have an appropriate number of qualified corporate governance personnel and has designated a corporate governance supervisor to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with information required to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to Board and shareholders meetings in accordance with the law, and preparing minutes of Board and shareholders meetings, etc.)?	✓		The Company has dedicated personnel responsible for corporate governance-related matters and has appointed a corporate governance manager who has more than three years of experience in internal auditing, accounting and other management work in publicly listed companies. Their main responsibilities are to provide directors and independent directors with the information they need to perform their duties, handle matters related to the meetings of the Board of Directors and shareholders in accordance with the law, assist directors in complying with laws and regulations, regularly review and revise the corporate governance practices and related regulations, and implement corporate governance matters.	No significant difference.
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), establish a stakeholder area on the Company's website, and appropriately respond to important	✓		The Company has a spokesperson and acting spokesperson. All relevant contact information is announced on the MOPS in accordance with regulations. At the same time, an investor section is established on the Company's website to establish a good communication channel with investors.	No significant difference.

Evaluation items	Operation status			The deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
corporate social responsibility issues which are of concern to stakeholders?				
VI. Does the Company appoint a professional stock affairs agency to handle shareholders' meeting affairs?	✓		The Stock Agency Department of Yuanta Securities Co., Ltd. is entrusted to handle the Company's stock affairs.	No significant difference.
VII. Information disclosure (I) Does the Company have a website to disclose financial, business and corporate governance information? (II) Does the Company adopt other information disclosure methods (such as setting up an English website, designating a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, disclosing company information on the Company's website during corporate briefing, etc.)? (III) Does the Company announce and file its annual financial report within two months after the end of a fiscal year, and announce and file its first, second and third quarter financial reports and monthly operating results in advance of the prescribed deadline?	✓  ✓	  ✓	(I) The Company's website has an investor section that regularly discloses financial, business and corporate governance related information.  (II) The company has designated personnel to be responsible for the collection and disclosure of company information, and to implement a spokesperson system as a bridge for external communication. Information related to corporate briefing is also placed on the Company's website.  (III) The Company is currently an emerging stock company and has filed its annual financial report, second quarter financial report and monthly operating results within the prescribed time periods in accordance with the Securities and Exchange Act and related laws and regulations.	Item 3 is summarized as above, while the others have no significant differences.
VIII. Does the Company have other important information that helps understand its governance operations (including but not limited to employee rights, employee care,	✓		(I) Employee rights and care: The Company regularly holds monthly meetings and labor-management meetings to exchange opinions with employees. It also uses multiple mechanisms such as communication, education and training, and incentives to understand employees' needs promptly. The	No significant difference.

Evaluation items	Operation status			The deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
investor relations, supplier relations, stakeholders' rights, continuing education of directors and supervisors, risk management policies and risk measurement standards, customer policy implementation, and the Company's purchase of liability insurance for directors and supervisors, etc.)?			<p>Company conducted employee satisfaction surveys from 2023 to 2024, and the overall satisfaction rate was higher than that of related industries. The Company also proposed relevant improvement measures for low-scoring items based on the satisfaction survey results.</p> <p>(II) Investor relations and rights of stakeholders: The Company implemented the disclosure of company information in accordance with laws and regulations to protect the rights and interests of investors and stakeholders and fulfill the corporate responsibility to shareholders.</p> <p>(III) Supplier relations: The Company has established supplier management procedures and all cooperation with suppliers complies with relevant laws, regulations, and contracts to safeguard the interests of both parties.</p> <p>(IV) The continuing education of directors: The Company's directors and independent directors will take courses on securities laws and regulations in accordance with legal regulations.</p> <p>(V) Implementation of risk management policies and risk measurement standards: In addition to regular assessments of operational risks and response measures conducted by relevant units, the Company has also established various standard operating procedures to reduce possible risks.</p> <p>(VI) Implementation of customer policies: The Company adheres to the principle of good faith to maintain good relations with customers. Cooperation with customers complies with internal control systems, contracts and relevant laws and regulations to safeguard the rights and interests of both parties.</p> <p>(VII) Purchase of liability insurance for directors by the Company: The Company has purchased liability insurance for directors and independent directors.</p>	



Evaluation items	Operation status			The deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
IX. Please explain the improvements that have been made based on the results of the corporate governance evaluation published by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priority areas for improvement and measures for those that have not yet been improved: The Company has not been included in the evaluation.				

#### (IV) Composition and operation of the Remuneration Committee

##### 1. Remuneration Committee

Identity Category	Name	Condition	Professional qualification and experience	Independence	Concurrently serves as a member of the Remuneration Committee of other public companies
Independent Director (Convener)	Shih-Hao Fang	Please refer to “Disclosure of Directors’ Professional Qualifications and Independence of Independent Directors” on pages 12-13.			-
Independent Director	Shang-Yuan Chang				-
Independent Director	Chao-Lung Chou				-
Independent Director	Yi-Chen Chen				-

##### 2. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 4 members.

(2) The term of office of committee members: from May 31, 2024 to May 30, 2027. As of the date of publication of the annual report in 2024, the Remuneration Committee held 7 meetings (A). The qualifications and attendance of the committee members were as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (B/A)	Notes
Independent Director	Shih-Hao Fang	7	-	100.00%	-
Independent Director	Shang-Yuan Chang	7	-	100.00%	-
Independent Director	Chao-Lung Chou	7	-	100.00%	-
Independent Director	Yi-Chen Chen	3	-	60.00%	Newly appointed on May 31, 2024. Since taking office, the Remuneration Committee has held 5 meetings as of the date of publication of the prospectus.

(3) Other matters to be recorded:

- A. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date, period, content of the proposal, resolution of the Board of Directors, and the Company's handling of the opinion of the Remuneration Committee (if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, the difference and reason shall be stated): No such situation.
- B. If a member of the Remuneration Committee objects to or reserves an opinion on a resolution and there is a record or written statement, the date, term, content of the resolution, opinions of all members, and the handling of the opinions shall be stated: No such situation.

(V) Implementation of sustainable development and deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Does the Company have a governance structure to promote sustainable development and establish a dedicated (or part-time) unit to promote sustainable development, has the Board of Directors authorized senior management to handle it, and has the Board of Directors provided oversight?		✓	The Company has established the “Sustainable Development Best Practice Principles” on December 20, 2024. In the future, the Company will establish appropriate dedicated (or part-time) units to promote sustainable development based on the Company's operational development needs, and senior management will report on the implementation status to the Board of Directors.	As summarized above.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations based on the principle of materiality and establish relevant risk management policies or strategies?	✓		The Company has conducted risk assessments on environmental, social and corporate governance issues related to its operations, and on March 14, 2025, the Board of Directors approved the establishment of its “Risk Management Policies and Procedures” and disclosed them on the Company's official website.	No significant difference.
III. Environmental issues (I) Has the Company established a suitable environmental management system based on its industrial characteristics?	✓		(I) The Company is engaged in the research and development and manufacturing of high-end medical devices. The Company is subject to ISO 13485 and the environmental management regulations related to the Medical Device Quality Management System (QMS). Therefore, we have established environmental management procedures to ensure that the quality of equipment produced by the Company can meet the basic safety and health requirements, and have set clear management rules for relevant personnel and factory environment.	No significant difference.
(II) Does the Company strive to improve the energy efficiency and use recycled materials with a low	✓		(II) The Company is in the biotechnology R&D and manufacturing industry and does not use materials that have a high impact on the	

Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>environmental impact?</p> <p>(III) Does the Company assess the potential risks and opportunities of climate change to the business now and in the future, and take relevant response measures?</p> <p>(IV) Has the Company compiled statistics on greenhouse gas emissions, water usage, and total weight of waste over the past two years, and developed policies to reduce greenhouse gas emissions, water usage, or manage other forms of waste?</p>	<p>✓</p> <p>✓</p>		<p>environment. In order to improve energy efficiency, the Company adopts the principle of evaluating the necessity of using various resources to avoid waste, and promotes garbage classification and recycling to reduce the impact on the environment.</p> <p>(III) Due to the characteristics of its industry, the Company consumes less energy and emits less carbon, which does not significantly contribute to climate change. In addition, climate change has little impact on the Company's R&amp;D status and future risks. However, in order to reduce the impact of climate change on the global environment and industry, the Company still strives to respond to energy conservation and carbon emissions reduction and reduce the unnecessary use of resources.</p> <p>(IV) The Company is not part of a high energy-consuming industry, nor does it operate or utilize facilities that generate large amounts of greenhouse gases. The Company has recorded greenhouse gas emissions (Scope 2) and water consumption of its Taipei office and Zhonghe plant over the past two years as follows: CO<sub>2</sub> emissions were 119,275.58 kg in 2023 and 109,068.70 kg in 2024; water consumption was 1,670.91 units in 2023 and 1,979.82 units in 2024.</p> <p>The Company plans to reduce carbon emissions by 0.5% to 1% annually, aiming for a total of 3% reduction by 2028. To support this goal, the Company actively promotes energy-saving practices among employees, such as turning off lights when not in use, maintaining air conditioning at optimal temperatures, conserving water, and prioritizing the procurement of equipment with eco-certifications or that comply with green purchasing standards. In line with our energy-saving and carbon-reduction strategy, all</p>	

Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>recyclable materials are properly sorted and processed. Additionally, the Company conducts regular education and audits on power saving, water conservation, and the reuse of recyclable materials. Air conditioning and lighting are managed in zones to ensure optimal use of resources, with the shared goal of reducing consumption by 0.5% to 1% annually and achieving a 3% reduction in carbon emissions by 2028.</p> <p>In order to effectively manage the waste that may be generated during the production process, the Company has established waste management methods to comply with environmental regulations and minimize the impact on the environment. Among them, the palladium alloy consumed during the development of key components by the Company's development unit can be recycled appropriately to reduce the generation of metal waste; it was recycled twice in 2023 and 2024, with a total of 544.5 grams of palladium alloy recycled.</p>	
IV. Social issues				
(I) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) In order to fulfill its social responsibility of protecting human rights, the Company first implements specific management in workplace diversity, does not discriminate in treatment or promotion based on gender, age, race, party affiliation, physical or mental disability, protects employees' legitimate work rights and interests in accordance with labor laws and regulations, formulates relevant personnel management regulations and establishes a system, and provides labor insurance and labor pensions to ensure the rights and interests of employees.	No significant difference.
(II) Does the Company formulate and implement reasonable employee welfare measures (including	✓		(II) The formulation of employee welfare measures is in accordance with, or superior to, the Labor Standards Act. The Company's	

Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>salary, leave and other benefits), and appropriately reflect operating performance or results in employee remuneration?</p> <p>(III) Does the Company provide employees with a safe and healthy working environment and provide regular safety and health education to employees?</p>	✓		<p>employee promotion and remuneration policies are based on employee performance, ability and contribution to the Company as evaluation criteria, and regular salary adjustments and promotions are appropriately reflected in employee remuneration, which is positively correlated with operating performance.</p> <p>(III) Employees are an important asset of the Company. The Company attaches great importance to the safety and physical and mental health of its employees. In addition to providing a safe and healthy working environment for its employees in accordance with the Labor Standards Act and the Occupational Safety and Health Act, and requiring relevant personnel in each field to obtain occupational safety and health certifications, the Company also regularly conducts employee health examinations and arranges group insurance for employees, and is committed to establishing a safe working environment for employees, protecting personal safety, and preventing occupational hazards.</p> <p>The Company has implemented specific measures to protect employees' personal safety, health, and working environment, including the following: in 2024, a total of 12 fire safety inspections and one comprehensive building inspection were conducted, all with a 100% pass rate; interior materials prone to flammability, such as carpets and system cabinets, are made of flame-retardant-grade materials. The Company's New Technology Development Laboratory conducts monthly external radiation testing on personnel to ensure a safe working environment, and the Company's assembly line distributes brand-new, compliant medical masks daily to ensure the safety of both employees and production environment. In addition to employee group insurance, the</p>	

Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Does the Company establish an effective career development training program for its employees?	✓		Company is committed to establishing a safe working environment for employees, protecting personal safety, and preventing occupational hazards. (IV) Every year, the Company proposes an annual education and training plan based on employees' job requirements and arranges for relevant personnel to participate in internal and external professional education and training to strengthen the professional capabilities of employees in each department. In 2024, ISO quality system education and training and external education and training were held 19 times and 25 times, respectively, with a total of 66 participants.	
(V) Regarding issues such as customer health and safety, customer privacy, marketing and the labeling of products and services, does the Company comply with relevant laws and regulations and international standards, and has established relevant policies and complaint procedures to protect the rights of consumers or customers?	✓		(V) The Company complies with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and the labeling of products and services, and has established complaint handling procedures to ensure that customer complaints are properly handled.	
(VI) Does the Company have a supplier management policy that requires suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor and human rights, and how is it implemented?	✓		(VI) The Company has established a supplier management procedure to ensure that the quality of suppliers meets the Company's requirements for product quality. Before dealing with suppliers, we will evaluate them and choose manufacturers with no bad records to deal with. However, the procedure does not include requirements for suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, and labor human rights. If a supplier is found to have seriously violated the	



Promotion items	Implementation status			The deviation and the reasons for deviation from the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			above regulations, the Company will terminate its cooperative relationship with the supplier.	
V. Does the Company prepare sustainability reports and other reports that disclose the Company's non-financial information by referring to internationally accepted reporting standards or guidelines? Does the aforementioned report obtain confirmation or assurance from a third-party verification unit?		✓	The Company has not yet prepared a corporate social responsibility report or other reports that disclose the Company's non-financial information. In the future, the Company will prepare such reports based on its actual needs and legal requirements.	As summarized above.
VI. If the Company has established its own sustainable development principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe its practices and any deviations from the best practice principles: The Company has established its own Sustainable Development Best Practice Principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” by taking the Company's actual operations into account, and has gradually implemented them.				
VII. Other important information that helps in understanding the implementation of sustainable development: None.				

(VI) The implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation items	Operation status			The deviations and reasons for deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>I. Establishment of ethical corporate management policy and proposal</p> <p>(I) Does the Company have an ethical corporate management policy that has been approved by the Board of Directors? Does it clearly state the ethical corporate management policy and practices in the regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the ethical corporate management policy?</p> <p>(II) Has the Company established an unethical conduct risk assessment mechanism to regularly analyze and assess business activities within its business scope that carry a higher risk of unethical behavior, has it formulated a plan to prevent unethical behavior based on the risk, and does it cover at least the preventive measures for each of the behaviors in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?</p> <p>(III) Does the Company clearly define operating procedures, behavioral guidelines, and</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct”, which are approved by the Board of Directors and they clearly stipulate that directors, managers and employees should comply with laws and regulations when performing their duties.</p> <p>(II) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” as a plan to implement and prevent unethical behavior. It analyzes business activities with higher unethical risks within the business scope and strengthens relevant preventive measures, such as achieving preventive effects through internal control system design and contract signing, and preventing unethical conducts through the internal audit unit's review mechanism and the Company's complaint mechanism.</p> <p>(III) The Company's “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and</p>	No significant difference.

Evaluation items	Operation status			The deviations and reasons for deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
disciplinary and appeal systems for violations in its unethical conduct plan, implement them, and regularly review and revise the above-mentioned plan?			Guidelines for Conduct” clearly specify unethical behavior and related interest patterns, incentives and penalties, and complaint systems to regulate the behavior of the Company's personnel in executing business processes, and designate the Management Department as a dedicated unit to maintain and implement ethical corporate management. The Company regularly reviews external regulations and internal practices annually and amends relevant regulations as appropriate.	
<p>II. Ethical corporate management in practice</p> <p>(I) Does the Company evaluate the ethical records of its trading partners and clearly stipulate ethical clauses in the contracts it signs with its trading partners?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management, and does it regularly (at least once a year) report to the Board of Directors on its ethical management policy and plan to prevent unethical behavior and the status of supervision and implementation?</p>	<p>✓</p> <p>✓</p>		<p>(I) In accordance with the provisions of the “Procedures for Ethical Management and Guidelines for Conduct”, if the Company discovers that a business partner or cooperation partner has engaged in unethical behavior, it shall immediately stop commercial dealings with that partner and list that partner as a blacklisted entity in order to implement the Company's ethical management policy.</p> <p>(II) The Company's “Ethical Corporate Management Best Practice Principles” clearly states that the Management Department is the dedicated unit to handle the revision, implementation, interpretation, consulting services, and notification content registration and filing of these operating procedures and behavioral guidelines, as well as for related operations and the supervision of implementation. The dedicated unit reported the ethical management operation plan to the Board of Directors on April 30, 2025, including policy announcements and promotions, education and training initiatives, and the establishment of whistleblowing and handling procedures.</p>	No significant difference.

Evaluation items	Operation status			The deviations and reasons for deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company have a policy to prevent conflicts of interest, provide appropriate communication channels, and has it implemented such policy?	✓		(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" clearly stipulate that if a director has a conflict of interest in a Board proposal, either personally or on behalf of a legal entity they represent, which may be detrimental to the interests of the Company, they must neither participate in the discussion nor vote on the proposal, and must recuse themselves during the discussion and voting process. In addition, they may not act as a proxy to exercise the voting rights of other directors. The Company also provides a whistleblowing and complaint channel on its website to ensure the confidentiality of both the whistleblower's identity and the reported content, with strict enforcement of related measures.	
(IV) Has the Company established an effective accounting system and internal control system to implement ethical corporate management? Has the internal audit unit formulated a relevant audit plan based on the assessment results of unethical behavior risks and used it to verify compliance with the plan to prevent unethical behavior, or has it commissioned CPAs to perform the audit?	✓		(IV) The Company's accounting system, internal control system, and various management procedures are established in accordance with relevant laws and regulations, as well as actual operational needs and are revised as necessary. The internal audit unit conducts regular audits on compliance with the aforementioned systems, prepares audit reports for submission to the Audit Committee and the Board of Directors, and the external auditor also reviews the implementation of the Company's internal control system annually.	
(V) Does the Company regularly organize internal and external education and training on ethical management?	✓		(V) In order to implement ethical corporate management and strengthen the ethical behavior of all employees, the Company promotes the concept of ethical corporate management in various meetings from time to time, so that employees can understand the Company's ethical values and corporate culture, and also encourage employees to participate in relevant external education and training.	

Evaluation items	Operation status			The deviations and reasons for deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>III. Operation of the Company's whistleblowing system</p> <p>(I) Does the Company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle reports?</p> <p>(II) Does the Company have a standard operating procedure for investigating reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?</p> <p>(III) Does the Company take measures to protect whistleblowers from being improperly punished for reporting?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established a specific reward system and dedicated personnel for reporting violations in the “Procedures for Ethical Management and Guidelines for Conduct”. The Company's website also publishes a complaint channel. If any of the Company's personnel are found to have violated ethical conduct, they can be reported directly. No major internal or external whistleblowing occurred during the year.</p> <p>(II) The Company has established a whistleblower system, which is handled by dedicated personnel in accordance with prescribed procedures, and a written statement is made to keep the identity of the whistleblower and the content of the report confidential. If the report is proven to be true, the person being reported will be immediately required to stop the relevant behavior and will be subject to appropriate action. If necessary, compensation for damages will be sought through legal procedures and disciplinary action will be taken in accordance with the relevant regulations of the Company. No such matter occurred in the current year.</p> <p>(III) The confidentiality principle: During and after the investigation, the case handler is strictly prohibited from disclosing the case details and the name of the whistleblower to irrelevant parties. The review and approval supervisors at all levels must also keep the information confidential. The relevant information shall be handled and archived as confidential documents to protect the whistleblower from being improperly troubled or retaliated due to the report.</p>	No significant difference.

Evaluation items	Operation status			The deviations and reasons for deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV. Enhance information disclosure (I) Does the Company disclose its ethical corporate management best practice principles and the effectiveness of its implementation on its website and the MOPS?	✓		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” and disclosed real-time information on the MOPS and the Company’s website in accordance with the law.	No significant difference.
V. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the practices and any deviations from the best practice principles: The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” in accordance with the best practice principles to facilitate all employees in following and implementing it. There is no significant difference between the actual practices and the established principles.				
VI. Other important information that helps to understand the Company's implementation of ethical management practices (such as the Company's promotion of its commitment to ethical conduct and policies to business partners, invitations for them to participate in training programs, and review and revision of the Company’s Ethical Corporate Management Best Practice Principles, etc.): In addition to establishing the Ethical Corporate Management Best Practice Principles, the Company has also formulated other internal regulations (such as the Procedures for Handling Material Inside Information and Prevention of Insider Trading). The Company arranges for its directors to attend corporate governance courses and periodically promotes its ethical management policies among employees. These policies are also disclosed in the Investor Relations section of the Company’s website ( <a href="http://www.hcmed-inno.com">http://www.hcmed-inno.com</a> ).				

(VII) Other important information that is sufficient to enhance understanding of the Company's governance operations may be disclosed together: The Company continues to strengthen its corporate governance operations and promptly discloses and announces important information and corporate governance updates on the MOPS.

(VIII) The implementation status of the internal control system should disclose the following matters:

1. Statement on internal control: Please refer to the internal control statement published on the MOPS at <https://mops.twse.com.tw/mops/#/web/t146sb10>.
2. If the Company has commissioned a CPA to audit its internal control system, the CPA's report shall be disclosed: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of the publication of the annual report:

Shareholders' Meeting/Board of Directors	Date	Important resolutions
Board of Directors	February 26, 2024	<ol style="list-style-type: none"> <li>1. Approved the Company's proposed amendment to "Regulations Governing the Issuance and Exercise of the First Employee Stock Options in 2023"</li> <li>2. Approved the "Rules for Performance Evaluation of Directors and Managers"</li> <li>3. Approved the Company's plan to issue the first employee stock options in 2023, and the list of employees who meet the subscription requirements of stock options</li> <li>4. Approved the conversion of the Company's employee stock options and issuance of common stock for the first quarter of 2024</li> <li>5. Approved the amendment to the Company's "Property, Plant and Equipment Cycle"</li> <li>6. Approved the amendment to the Company's "Articles of Incorporation"</li> <li>7. Approved the proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings"</li> <li>8. Approved the reappointment of the Company's CSO Gunilla Petersson, Ph.D.</li> <li>9. Approved the re-election of the Company's directors and independent directors, and the nomination and review of the list of candidates for directors (including independent directors)</li> <li>10. Approved the convening of the 2024 shareholders' meeting of the Company</li> </ol>
Board of Directors	April 18, 2024	<ol style="list-style-type: none"> <li>1. Approved the Company's 2023 distribution of remuneration to employees and directors.</li> <li>2. Approved the Company's 2023 business report and financial statements</li> <li>3. Approved the Company's 2023 loss allowance proposal</li> <li>4. Approved the Company's 2023 statement of internal control system</li> <li>5. Approved the establishment of the "Management Procedures for Prevention of Insider Trading", "Procedures for Handling Material Inside Information" and "Procedures for Reporting of Insider Equity Change and New Appointment (Dismissal)".</li> <li>6. Approved the amendment to the Company's "R&amp;D Cycle" and "Approval Authority Table".</li> <li>7. Approved the establishment of the "2023 Performance Evaluation Form" for the Company's managers</li> <li>8. Approved the qualification review of the candidates for re-election of directors and independent directors at the 2024 shareholders' meeting of the Company</li> <li>9. Approved the proposal for the Chairman to make appropriate allocation of resources for CSL Behring AG project</li> </ol>

Shareholders' Meeting/Board of Directors	Date	Important resolutions
		10. Authorized the Chairman to sign a product joint development contract (Development Agreement) for a certain company 11. Approved the Company's plan to initiate its Phase 3 development plan in 2024, which focused on the independent development of drug-device combination products.
Shareholders' meeting	May 31, 2024	1. Approved the Company's 2023 business report and financial statements. 2. Approved the Company's 2023 loss allowance proposal. 3. Approved the amendment to the Company's "Articles of Incorporation". 4. Approved the proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings"
Board of Directors	May 31, 2024	5. Proposal for election of the Chairman. 6. Amendment to the "Remuneration Committee Charter". 7. Appointment of the Company's second Remuneration Committee
Board of Directors	June 28, 2024	1. The change of the Company's accounting manager. 2. The change of the Company's R&D manager.
Board of Directors	August 9, 2024	1. The Company's 2024 second quarter financial statements. 2. Proposal to authorize the "audit report and follow-up report review" of the Company's audit department to be approved by the Chair of the Audit Committee. 3. Amendments to the Company's "Sales and Collection Cycle", "Procurement and Payment Cycle", "Property, Plant and Equipment Cycle", "Property Management Rules" and "Approval Authority Table". 4. Special incentive bonus distribution plan for the Company's managers.
Board of Directors	September 24, 2024	1. The Company's "Plan for the Improvement of Self-Preparation Ability of Financial Statements".
Board of Directors	October 15, 2024	1. Authorized the Chairman to sign a product joint development contract (Development Agreement) for a certain company.
Board of Directors	November 13, 2024	1. The Company plans to purchase Zhonghe Plant. 2. Proposal to sign a long-term credit facility with Sunny Bank. 3. Special incentive bonus distribution plan for the Company's managers. (Extraordinary motions) 1. The Company's appointment of consultants.
Board of Directors	December 20, 2024	1. The Company's 2025 financial budget. 2. Establishment of the Company's "Sustainable Development Best Practice Principles", "Sustainable Information Management Procedures" and "Sustainable Reporting and Assurance Procedures". 3. Amendments to the Company's "Rules of Procedure for Board of Directors Meetings", "Audit Committee Charter" and "Rules for the Implementation of Internal Audits". 4. Amendment to the Company's "Information Management Procedures". 5. Audit plan of the Company for 2025. 6. Proposed adjustment of the operating strategy of the UK subsidiary, HCMED UK LIMITED. 7. "Procedures for Acquisition or Disposal of Assets" of the UK subsidiary. 8. Propose to pre-approve the appointment of CPAs, the CPA firm, and its affiliates to provide non-assurance services to the Company. 9. Established the "Regulations Governing the Appointment of Consultants" and amended the "Approval Authority Table" of the Company. 10. Ratification of the consulting contract between the Company and "KYRMAR ADVISORY SERVICES LIMITED". 11. Formulation of the Company's "Regulations Governing Payment of Bonuses".



Shareholders' Meeting/Board of Directors	Date	Important resolutions
		12.The Company's 2024 managers' performance evaluation. 13.Distribution of 2024 year-end bonus to managers of the Company. 14.Salary adjustment for managers in 2025. 15.The Company's 2025 managers' performance evaluation goals and reward plan. 16.The Company plans to carry out the first cash capital increase and issue common stock in 2024. 17.Proposal of the Company's "Sound Business Plan".
Board of Directors	January 13, 2025	1. Formulation of the issuance conditions and related capital increase matters for the Company's first cash capital increase in 2024.
Board of Directors	March 14, 2025	1. The Company's 2024 distribution of remuneration to employees and directors. 2. The Company's 2024 business report and financial statements. 3. The Company's 2024 loss allowance proposal. 4. The Company's statement of internal control system for 2024. 5. Amendment to the Company's "Articles of Incorporation" 6. Application for listing on Taiwan Stock Exchange Corporation. 7. Proposal to handle the cash capital increase before the initial listing to allocate new shares for underwriting, and the original shareholders waive their priority subscription rights. 8. The Company intends to enter into an "Over-Allotment and Specified Shareholder Lock-up Agreement" with the lead underwriter prior to its initial public offering and to coordinate a voluntary centralized custody arrangement with certain shareholders. 9. Appointment of the Corporate Governance Manager of the Company. 10.Establishment of the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct", "Financial and Business-Related Operations Procedures for Related Parties", "Corporate Governance Best Practice Principles", "Risk Management Policy and Procedures", "Group Enterprises, Specific Companies and Related Party Transaction Operating Procedures" and "Standard Operating Procedures for Handling Directors' Requests". 11.Amendments to the Company's "Procurement and Payment Cycle", "Financing Cycle", "Property, Plant and Equipment Cycle", "R&D Cycle" and "Approval Authority Table". 12.Assessment of the ability to prepare financial statements. 13.Assessment of the independence and suitability of the Company's CPAs. 14.The total number of units issued in the second round for the Company's "First Employee Stock Options of 2023" and the list of employees granted stock options. 15.The Company's 2024 operating performance bonus distribution plan. 16.Formulation of the Company's "Regulations Governing Payment of Bonuses". 17.The Company's 2025 managers' performance evaluation goals and reward plan. 18.Convening of the 2025 shareholders' meeting of the Company. 19.Acceptance of relevant matters regarding shareholder proposals at the 2025 shareholders' meeting of the Company.
Board of Directors	April 30, 2025	1. The Company's statement of internal control system 2. Determination of scope of entry-level employees 3. Amendment to the Company's "Salary Cycle".

Shareholders' Meeting/Board of Directors	Date	Important resolutions
		4. The Company's financial forecast for the second and third quarters of 2025.

- (X) In the most recent year and up to the publication date of the annual report, the directors or supervisors had different opinions on important resolutions approved by the Board of Directors and there were records or written statements, the main contents were: None.

#### IV. Information on CPA fees

- (I) The amount of audit and non-audit fees and the content of non-audit services of CPAs, their accounting firm and affiliated companies

Unit: NTD thousand

Name of CPA firm	Name of CPAs	Audit period of CPAs	Audit fees	Non-audit fees	Total	Notes
PwC Taiwan CPA firm	Sheng-Wei Teng	January 1, 2024 - December 31, 2024	1,050	200	1,250	Non-audit fees include tax certification and review of new shares issued for cash capital increase
	Kuan-Hung Lin					

- (II) If the accounting firm has changed and the audit fees paid in the year of change are reduced compared to the audit fees in the year before the change, the amount of audit fees before and after the change and the reason should be disclosed: None.

- (III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction in audit fees shall be disclosed: None.

#### V. Replacement of CPAs: No such situation.

#### VI. The Company's chairman, general manager, or manager in charge of finance or accounting affairs who has worked for the firm to which the CPA belongs or its affiliated companies within the past year: No such situation.

#### VII. In the most recent year and up to the date of publication of the annual report, the following are the changes in equity transfers and equity pledges by directors, supervisors, managers and shareholders holding more than 10% of the shares:

- (I) Changes in the equity of directors, supervisors, managers and shareholders holding more than 10% of the shares:

Unit: Shares

Job title	Name	2024		As of April 25, 2025	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman and General Manager and shareholder holding more than 10% of the shares	Chieh-Sheng Cheng	(295,324)	-	98,384	-
Director and Chief Operating Officer and shareholder	Wen-Yu Tsai	(324,603)	-	150,000	-

Job title	Name	2024		As of April 25, 2025	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
holding more than 10% of the shares					
Directors	Tsung-Hung Hsieh (Note 1)	(142,107)	-	Not applicable	
Directors	VIVO PANDA FUND, L.P.	-	-	-	-
	Representative: Mahendra Shah	-	-	-	-
Directors	Yung-Yi Wu	-	-	-	-
Directors	Wei-Lien Chung (Note 1)	-	-	Not applicable	
Directors	You Yang Management Consultant Co., Ltd. (Note 2)	-	-	-	-
	Representative: Tsung-Hung Hsieh	(345,366)	-	(8,000)	-
Directors	FORWARD ASSET MANAGEMENT LTD. (Note 2)	-	-	-	-
	Representative: Wei-Lien Chung	-	-	-	-
Independent Director	Shih-Hao Fang	-	-	-	-
Independent Director	Shang-Yuan Chang	-	-	-	-
Independent Director	Chao-Lung Chou	-	-	-	-
Independent Director	Yi-Chen Chen (Note 2)	-	-	-	-
Deputy General Manager	Jui-Sui Chen (Note 3)	(50,000)	-	-	-
Senior Manager of R&D Department	Yuan-Ming Hsu (Note 4)	(60,000)	-	Not applicable	
CFO and Accounting Manager	Wei-Cheng Tu	-	-	5,000	-
Corporate Governance Manager	Er-Hsiang Li (Note 5)	Not applicable		-	-
Accounting Manager	Hui-Chun Sun (Note 6)	-	-	Not applicable	

Note 1: On May 31, 2024, all directors were re-elected at the shareholders' meeting. Resigned on that day and took office as the legal representative director.

Note 2: On May 31, 2024, all directors were re-elected at the shareholders' meeting. Took office on that day.

Note 3: He was formerly a senior manager of the Company's sales department. On June 17, 2024, he served as the Company's R&D director and was promoted to deputy general manager on April 1, 2025.

Note 4: Resigned on June 17, 2024.

Note 5: Appointed as Corporate Governance Manager by the Board of Directors on March 14, 2025.

Note 6: Appointed as Accounting Manager on December 15, 2023, and was dismissed on June 28, 2024. The Chief Financial Officer will also serve as Accounting Manager.

(II) Information on directors, supervisors, managers and shareholders holding more than 10% of the shares whose counterparties are related persons:

Unit: Shares; NTD

Name	Reasons for equity transfer	Date of transaction	Transaction counterparty	Relationship between the transaction counterparty and the company, directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	Transaction price
Tsung-Hung Hsieh	Sales	January 25, 2024	Hsing-Yin Hsieh	Relatives within the second degree of kinship	50,000	57.00
Tsung-Hung Hsieh	Donation	January 23, 2024	Hsu Chun-Yen Hsieh	Relatives within the second degree of kinship	6,000	Not applicable
Tsung-Hung Hsieh	Donation	January 23, 2024	Hsing-Yin Hsieh	Relatives within the second degree of kinship	18,000	Not applicable
Tsung-Hung Hsieh	Donation	January 23, 2024	Hsing-Ling Hsieh	Relatives within the second degree of kinship	68,107	Not applicable
Tsung-Hung Hsieh	Donation	April 17, 2024	Hsing-Yin Hsieh	Relatives within the second degree of kinship	150,000	Not applicable
Tsung-Hung Hsieh	Donation	May 14, 2024	Hsing-Ling Hsieh	Relatives within the second degree of kinship	125,000	Not applicable

(III) Changes in the pledge of equity interests of directors, supervisors, managers and shareholders holding more than 10% of the shares: No such situation.

VIII. Information on the top ten shareholders in terms of shareholding ratio, and whether they are related persons, spouses, or relatives within the second degree of kinship:

April 25, 2025; Unit: Shares; %

Name	Shares held		Shares held by spouse and underage children		Total shares held in the name of others		If the top ten shareholders are related persons, spouses, or relatives within the second degree of kinship, their names or full names and their relationship shall be disclosed.		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or full name)	Relationship	
Wen-Yu Tsai	3,857,893	11.80	-	-	200,000	0.61	-	-	-
Chieh-Sheng Cheng	3,139,815	9.61	-	-	344,000	1.05	-	-	-
Tsung-Hung Hsieh	2,342,794	7.17	4,316	0.01	325,824	1.00	-	-	-
VIVO PANDA FUND, L.P. Representative: Mahendra Shah	2,308,926	7.07	-	-	-	-	-	-	-
Mega International Commercial Bank Co., Ltd. Representative: Jui-Pin Tung	-	-	-	-	-	-	-	-	-
Fuyao Biomedical Ventures Limited Partnership Representative: FORWARD ASSET MANAGEMENT LTD.	1,830,241	5.60	-	-	-	-	-	-	-
Hantong Venture Capital Co., Ltd. Representative: Chung-Ying Hu	1,000	0.003	-	-	-	-	-	-	-
DCI Partners Co., Ltd. Representative: Cheng Tien Hung Chi	1,458,000	4.46	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd. Representative: Ming-He Hsiung	1,240,341	3.80	-	-	-	-	-	-	-
Shihwei Investment Co., Ltd. Representative: Shao-Chi Huang	-	-	-	-	-	-	-	-	-
	1,214,336	3.72	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	1,129,769	3.46	-	-	-	-	-	-	-
	57,632	0.18	-	-	-	-	-	-	-

IX. The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise shall be combined to calculate the comprehensive shareholding ratio:

April 25, 2025; Unit: Shares; %

Reinvestment business	The Company's investment		Directors, supervisors, managers and those who directly or indirectly control the business investments		Comprehensive shareholding	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
HC MED UK LIMITED (Note 1)	465,000	100.00	-	-	465,000	100.00

Note 1: It is a company registered in the UK, which was established to provide timely testing and laboratory services to European and American pharmaceutical companies and meet the needs of business expansion.

### Three. Financing Status

#### I. Capital and shares

##### (I) Source of share capital

##### 1. The formation of share capital

April 25, 2025; Unit: Thousand shares; NTD thousand

Year Month	Issuance price	Authorized share capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Payment for shares with non-cash assets	Others
October 2014	10	5,000	50,000	1,200	12,000	Establishment of registered share capital	-	Note 1
March 2016	10	5,000	50,000	2,150	21,500	Capital increase in cash by NT\$9,500 thousand	-	Note 2
September 2016	10	5,000	50,000	2,550	25,500	Capital increase in cash by NT\$4,000 thousand	-	Note 3
January 2017	10	5,000	50,000	3,350	33,500	Capital increase in cash by NT\$8,000 thousand	-	Note 4
November 2017	54.5	5,000	50,000	3,739	37,389	Capital increase in cash by NT\$3,889 thousand	-	Note 5
May 2019	126	8,000	80,000	5,343	53,427	Capital increase in cash by NT\$16,039 thousand	-	Note 6
July 2019	92.53334	8,000	80,000	5,507	55,065	Debt offset against share payment of NT\$1,638 thousand	-	Note 7
October 2019	10	8,000	80,000	5,627	56,265	Conversion of stock options into shares of NT\$1,200 thousand	-	Note 8
January 2020	10	20,000	200,000	19,583	195,833	Capital reserve transferred to capital increase of NT\$139,568 thousand	-	Note 9
October 2020	10	20,000	200,000	19,688	196,877	Conversion of stock options into shares of NT\$1,044 thousand	-	Note 10
May 2022	48	50,000	500,000	23,172	231,715	Capital increase in cash by NT\$34,838 thousand	-	Note 11
May 2022	10	50,000	500,000	23,430	234,295	Conversion of stock options into shares of NT\$2,580 thousand	-	Note 11
September 2022	48	50,000	500,000	24,411	244,107	Issuance of new shares due to merger of NT\$9,813 thousand	-	Note 12
March 2023	10	50,000	500,000	25,625	256,247	Conversion of stock options into shares of NT\$12,140 thousand	-	Note 13

Year Month	Issuance price	Authorized share capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Payment for shares with non-cash assets	Others
October 2023	57	50,000	500,000	30,011	300,107	Capital increase in cash by NT\$43,860 thousand	-	Note 14
March 2024	10	50,000	500,000	30,034	300,337	Conversion of stock options into shares of NT\$230 thousand	-	Note 15
April 2025	68	50,000	500,000	32,681	326,808	Capital increase in cash by NT\$26,471 thousand	-	Note 16

Note 1: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10388814110 on October 6, 2014.

Note 2: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10581537710 on March 1, 2016.

Note 3: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10591844610 on September 2, 2016.

Note 4: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10650582800 on January 20, 2017.

Note 5: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10659986710 on November 7, 2017.

Note 6: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10849421120 on May 31, 2019.

Note 7: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10851233400 on July 3, 2019.

Note 8: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10853684510 on October 4, 2019.

Note 9: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10945077100 on January 14, 2020.

Note 10: Approved by Letter Fu-Chan-Ye-Shang-Zi No.10954995110 on October 23, 2020.

Note 11: Approved by Letter Fu-Chan-Ye-Shang-Zi No.11149481600 on May 24, 2022.

Note 12: Approved by Letter Fu-Chan-Ye-Shang-Zi No.11151097230 on September 22, 2022.

Note 10: Approved by Letter Fu-Chan-Ye-Shang-Zi No.11246593310 on March 23, 2023.

Note 14: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 11254260400 on October 31, 2023.

Note 15: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 11347095100 on March 14, 2024.

Note 16: Approved by Letter Fu-Chan-Ye-Shang-Zi No. 11447539700 on April 8, 2025.

## 2. Types of shares

April 25, 2025; Unit: Shares

Types of shares	Authorized share capital			Notes
	Outstanding shares	Unissued shares	Total	
Common shares	32,680,762	17,319,238	50,000,000	Emerging stock is not a stock of a listed or OTC company.

## 3. Information related to the summary declaration system: None.



(II) List of major shareholders

April 25, 2025; Unit: Shares; %

Name of major shareholders	Number of shares held	Shareholding ratio
Wen-Yu Tsai	3,857,893	11.80%
Chieh-Sheng Cheng	3,139,815	9.61%
Tsung-Hung Hsieh	2,342,794	7.17%
Yuanta Commercial Bank is entrusted to manage the investment account of Vivo Panda Fund Limited Partnership	2,308,926	7.07%
Mega International Commercial Bank Co., Ltd.	2,125,330	6.50%
Fuyao Biomedical Ventures Limited Partnership	1,830,241	5.60%
Hantong Venture Capital Co., Ltd.	1,458,000	4.46%
DCI Partners Co., Ltd.	1,240,341	3.80%
Cathay Life Insurance Co., Ltd.	1,214,336	3.72%
Shihwei Investment Co., Ltd.	1,129,769	3.46%

(III) The Company's dividend policy and implementation

1. Dividend policy as stipulated in the Company's Articles of Incorporation

If the Company's annual final accounts show a net profit after tax for the current period, it shall first offset the accumulated losses and set aside 10% of the profit as statutory surplus reserve in accordance with the law; however, this restriction shall not apply if the accumulated statutory surplus reserve has reached the total paid-in capital of the Company. The remainder will be set aside or transferred as special surplus reserve depending on the Company's operating needs and legal requirements. After adding the accumulated undistributed surplus from previous years to the remaining amount, the Board of Directors will prepare a surplus distribution proposal and submit it to the shareholders' meeting for a resolution on the distribution of dividends to shareholders.

The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital reserves or statutory surplus reserves in cash at a meeting attended by more than two-thirds of the directors and with a resolution by a majority of the directors present, and report to the shareholders' meeting. The provisions of the preceding paragraph requiring a resolution by the shareholders' meeting shall not apply.

The Company operates in a growth-stage industry. The dividend distribution policy must be based on the Company's current and future investment environment, capital needs, domestic and international competition, capital budget and other factors, taking the interests of shareholders, balancing dividends and the Company's long-term financial planning into account. The Board of Directors shall prepare a distribution

proposal annually in accordance with the law and submit it to the shareholders' meeting for resolution on the distribution. As a general principle, the amount of shareholder dividends distributed shall not be less than 10% of the distributable earnings for the year. Dividends may be distributed in the form of cash or stock, with an appropriate portion allocated to cash dividends; however, the cash dividends shall not be less than 10% of the total dividends distributed for the year.

2. Dividend distribution proposed at the shareholders' meeting

The Company's Board of Directors approved the 2024 loss allowance proposal on March 14, 2025. As the Company is still in the loss-making stage and has no accumulated surplus available for dividend distribution, the loss allowance proposal will be submitted to the 2025 shareholders' meeting for approval.

3. Expected major changes in dividend policy: None.

(IV) The impact of bonus shares proposed in the shareholders' meeting on the Company's business performance and earnings per share: None.

(V) Remuneration to employees and directors

1. The percentage or range of employee and director remuneration as stated in the Company's Articles of Incorporation:

If the Company makes a profit in a year (the so-called profit refers to the profit before tax deduction of the distribution of employee remuneration and director remuneration), it shall set aside no more than 5% as director remuneration and no less than 20% as employee remuneration. However, if the Company still has accumulated losses, it should reserve the amount to offset the losses in advance.

The directors' remuneration referred to in the preceding paragraph shall only be paid in cash. The employees' remuneration referred to in the preceding paragraph may be in the form of stock or cash.

The preceding two items shall be implemented by the Board of Directors with a resolution approved by at least two-thirds of the directors and a majority of the directors present, and reported to the shareholders' meeting. The Company may distribute employee remuneration, issue restricted stock awards, issue employee stock options, and employees who purchase shares through the issuance of new shares and the recipients of purchased shares may include employees of the controlling or subordinate company who meet the conditions set by the Board of Directors.

2. The basis for estimating the amount of employee and director remuneration for the current period, the basis for calculating the number of shares for employee remuneration distributed in the form of stock, and the accounting treatment if the actual amount distributed differs from the estimated amount:

As there was no profit after the final accounting for the current period, no amounts were estimated for remuneration to employees and directors.

3. The Board of Directors' resolution on the distribution of remuneration:

(1) The amount of remuneration to employees and directors distributed in the form of stock or cash. If there is a difference between the estimated and actual amount of recognized expense, the difference, reason and treatment should be disclosed: The Company has no surplus available for distribution in 2024, so it is not applicable.

(2) The ratio of employees' remuneration distributed in the form of stock to the total net profit after tax and total employees' remuneration for the period: The Company has no surplus available for distribution in 2024, so it is not applicable.

4. The actual distribution of remuneration to employees and directors in the previous year (including the number of shares distributed, amount and share price), and any discrepancy between the actual remuneration to employees and directors and the recognized remuneration to employees and directors, and the difference, reason, and handling status shall be clearly stated:

The Company's final accounts for 2023 showed an accumulated deficit, and therefore no employee or director remuneration was allocated. The actual distribution and the recorded amounts were both zero, with no discrepancy.

(VI) Circumstances in which the Company repurchased its own shares: None.

II. Issuance of corporate bonds (including overseas corporate bonds): None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

## V. Issuance of employee stock options

(I) The Company's employee stock options that have not yet expired shall disclose their status as of the date of publication of the annual report and the impact on shareholders' equity:

April 25, 2025

Types of employee stock options	Employee stock options for 2022	Employee stock options for 2023
Effective date of declaration and total number of units	Not yet publicly issued, therefore not applicable (Note 1)	December 27, 2023 885,000 units
Date of issuance	July 1, 2022	April 1, 2024
Duration	3 years	5 years
Number of units issued	950,000 units (1 share per unit)	865,000 units (1 share per unit)
Number of units available for issuance	-	20,000 units (1 share per unit)
Percentage of the number of subscription shares issued to the total number of issued shares	2.91%	2.71%
Subscription period	From July 1, 2023 to June 30, 2025 (Note 2)	From April 1, 2026 to March 31, 2029
Exercise method	Issuance of new common shares	Issuance of new common shares
Period and percentage of subscription restrictions	After one year: 50% After two years: 100% (Note 2)	After two years: 30% After three years: 80% After four years: 100%
Number of exercised shares	900,000 shares	-
Amount of exercised stock options	NT\$9,000,000	-
Number of unexercised stock options	36,000 shares (Note 3)	740,000 shares (Note 4)
The subscription price per share for those who have not exercised their subscription	NT\$10	NT\$10
The number of unexercised stock options as a percentage of the total number of issued shares	0.11%	2.26%
Impact on shareholders' equity	The primary purpose of the Company's issuance of stock options is to provide incentives to attract and retain top talent. Although the issuance of stock options may dilute the equity of existing shareholders, the dilution occurs gradually over the years. Looking ahead, the contributions of outstanding talent are expected to benefit shareholders.	

Note 1: When the Company issued employee stock options, it was still a private company and issued them after approval by the Board of Directors in accordance with Article 167-2 of the Company Act.

Note 2: The Company has completed its public offering of shares. Stock options that have been granted but are not yet exercisable may be exercised immediately by the option holders upon approval of the public offering by the competent authority, and are not subject to the aforementioned timeline or exercisable percentage restrictions.

Note 3: This does not include options that have become invalid due to employee resignation; in 2022, 14,000 shares became invalid for this reason.

Note 4: This does not include options that have become invalid due to employee resignation; in 2023, 125,000 shares became invalid for this reason.

(II) Names of managers who have obtained employee stock options as of the date of publication of the annual report and the top ten employees who have obtained the options with the largest number of shares subscribed, and their acquisition and subscription conditions

# 1. 2022

April 25, 2025; Unit: Thousand shares; NTD thousand; %

	Job title	Name	Number of subscriptions acquired	The percentage of subscribed shares to the total number of issued shares	Exercised				Unexercised			
					Number of subscriptions	Subscription price (NTD)	Subscription Amount	Percentage of number of subscribed shares to total number of issued shares	Number of subscriptions	Subscription price (NTD)	Amount of subscription	Percentage of number of subscribed shares to total number of issued shares
Managers (Note)	General Manager	Chieh-Sheng Cheng	531	1.62	531	10	5,310	3.45	-	-	-	-
	Chief Operating Officer	Wen-Yu Tsai										
	Deputy General Manager	Jui-Sui Chen										
	Chief Financial Officer	Wei-Cheng Tu										
Employees (Note)	Employee	O-Ting Chen	308	0.94	272	10	2,720	0.83	36	10	360	0.11
	Employee	O-Ting Pieh										
	Employee	O-Hsueh Lin										
	Employee	O-Shen Tsai										
	Employee	O-Yun Chen										
	Employee	O-Chia Juan										
	Employee	O-Yi Pai										
	Employee	O-Chun Sun										
	Employee	O-Chia Ku										
	Employee	O-Hsien Chang										
	Employee	O-Ting Wang										
	Employee	O-Min Chen										
	Employee	O-Chao Luo										
	Employee	O-Ting Chen										
	Employee	O-Ting Lin										
	Employee	O-Chieh He										
	Employee	O-Wei Wu										

Note: Excluding resigned employees.

## 2. 2023

April 25, 2025; Unit: Thousand shares; NTD thousand; %

	Job title	Name	Number of subscriptions acquired	The percentage of subscribed shares to the total number of issued shares	Exercised				Unexercised			
					Number of subscriptions	Subscription Price (NTD)	Amount of subscription	Percentage of number of subscribed shares to total number of issued shares	Number of subscriptions	Subscription price (NTD)	Amount of subscription	Percentage of number of subscribed shares to total number of issued shares
Managers (Note)	General Manager	Chieh-Sheng Cheng	250	0.76	-	-	-	-	250	10	2,500	0.76
	Chief Operating Officer	Wen-Yu Tsai										
	Deputy General Manager	Jui-Sui Chen										
	Chief Financial Officer	Wei-Cheng Tu										
Employees (Note)	Employee	O-Ting Chen	320	0.98	-	-	-	-	320	10	3,200	0.98
	Employee	O-Ting Pieh										
	Employee	O-Yun Chen										
	Employee	O-Yi Pai										
	Employee	O-Hsueh Lin										
	Employee	O-Shen Tsai										
	Employee	O-Chun Sun										
	Employee	O-Chia Ku										
	Employee	O-Min Chen										
	Employee	O-Chia Juan										
	Employee	O-Chen Chao										
	Employee	O-Tsen Chou										

Note: Excluding resigned employees.

VI.Circumstances that restrict employees' rights in handling new shares: None.

VII.Merger, acquisition or issuance of new shares by acquiring other companies' shares: None.

VIII.Implementation of capital utilization plan

As of the quarter before the publication date of the annual report, the previous issuance or private placement of securities has not been completed or has been completed within the last three years and the planned benefits have not yet manifested: No such situation.

## Four. Operation Overview

### I. Business content

#### (I) Scope of business

##### 1. The main contents of the Company's business

Code	Business information
CA02010	Metal structure and building component manufacturing
CA02990	Other metal products manufacturing
CB01010	Machinery and equipment manufacturing
CB01990	Other machinery manufacturing
CC01080	Electronic components manufacturing
CC01110	Computer and peripheral equipment manufacturing
CC01990	Other electrical and electronic machinery manufacturing
CE01010	General equipment manufacturing
F106010	Wholesale of hardware
F108031	Wholesale of medical devices
F113010	Wholesale of machinery
F113030	Wholesale of precision instruments
F113070	Wholesale of telecommunication equipment
F119010	Wholesale of electronic materials
F401010	International trade
I103060	Management consulting
I501010	Product design
IC01010	Pharmaceutical testing
IG01010	Biotechnology services
IG02010	Research and development services
CF01011	Medical devices manufacturing
ZZ99999	In addition to permitted business, the Company may operate any business not prohibited or restricted by laws and regulations.

##### 2. Sales percentage

Unit: NTD thousand; %

Product type \ Year	2023		2024	
	Net operating revenue	Proportion	Net operating revenue	Proportion
Labor services	6,960	75.37	32,722	23.11
Authorized cooperative development	-	-	104,276	73.64
Sales of products and others	2,275	24.63	4,614	3.25
Total	9,235	100.00	141,612	100.00

### 3. Current products (services)

The products developed by the Company mainly fall into two categories: vibrating mesh nebulizers (which can be sold through general distribution channels or used in clinical trials for new drugs) and CDMO services for drug-specific nebulizers (jointly developed with pharmaceutical companies for dedicated use).

#### (1) Vibrating mesh nebulizer:

The mesh oscillation frequency can be adjusted according to the type of medication to maintain optimal performance during the atomization process, generating a highly efficient 3–5  $\mu\text{m}$  drug aerosol. This allows patients to successfully deliver medication to the lower respiratory tract without requiring special training or specific breathing techniques. These devices can be used to treat diseases such as chronic obstructive pulmonary disease (COPD), asthma, cystic fibrosis (CF), and respiratory infections.









#### (2) CDMO services for drug-specific nebulizers:

Since inhaled medications require delivery through the respiratory tract, the drug-device combination model is considered the only viable approach for new drug development. With global pharmaceutical companies increasingly focusing their resources on drug development while outsourcing the design and production of delivery devices, CDMO companies that specialize in inhalation drug delivery technologies and products have become critical players in the value chain of inhaled drug development.

The Company has long been focusing on CDMO services for exclusive nebulizers of inhaled drugs, and is currently one of the top three professional manufacturers in the world that can provide CDMO services for exclusive drug nebulizers. We have recently signed global development cooperation agreements with several internationally renowned pharmaceutical companies to design and develop special nebulizers for inhalation dosage forms of drugs with annual sales exceeding hundreds of millions of USD.

The Company's current products are as follows:



	1 <sup>st</sup> Generation Nebulizer Deepro/Pulmogine Series						2 <sup>nd</sup> Generation Nebulizer AdheResp Series
Product							
Description	Standard device for general purpose			Drug-device combination to enhance drug delivery of selected drugs			Smart breath-actuated drug-device combination with connectivity for high value drugs
Target Market	Homecare market in Taiwan/China Global, high value therapeutics						Global, high value therapeutics
Approval							Standard AdheResp ready for combination development Apply FDA 510(K) in <a href="#">Sep, 2023</a> (Initial target: US, EU, Taiwan)

#### 4. New products (services) to be developed

The Company's R&D team has improved and refined the existing nebulizer technology, and considering the needs of various types of drugs and patient treatment scenarios, the Company has actively invested in the research and development of several innovative technologies:

##### (1) Short-term plans

The Company's R&D team has formulated a short-term development plan aligned with our existing business model, focusing on design solutions tailored to current or potential pharmaceutical clients and market demands in various countries. This includes features such as advanced drug-lock features (lock-and-key function), small drug reservoirs with low residual volume, and optimized nebulization modules.

##### (2) Medium- and long-term plans

In the medium-to-long-term plans, to enhance portability and ease of cleaning, the Company is focusing on key developments such as pre-filled drug chamber designs and replaceable nebulization modules. Additionally, production line automation and capacity expansion designs are also critical issues to be addressed in the context of full-plant exportation or production scale-up.

#### (II) Industry overview

##### 1. The current status and development of the industry

According to the report of Global Initiative for Asthma (GINA), about 300 million people in the world suffer from respiratory diseases (including asthma, chronic

obstructive pulmonary disease (COPD), cystic fibrosis (CF), etc.), and the market for related respiratory drugs is worth more than US\$30 billion.

Asthma is a common chronic inflammatory disease of the airways characterized by variable and recurrent symptoms, reversible airflow obstruction, and bronchospasm. Chronic obstructive pulmonary disease is a common, multiple, chronic respiratory disease with high disability and mortality rates. In recent years, countries around the world have attached great importance to chronic obstructive pulmonary disease because the prevalence of chronic obstructive pulmonary disease remains high and continues to increase annually. The World Health Organization estimates that chronic obstructive pulmonary disease is the 4th or 5th leading cause of death worldwide.

Inhaled medications for treating pulmonary diseases act directly on the lungs, enabling higher drug concentrations at the affected site and thereby improving therapeutic efficacy. Compared to oral or injectable forms, inhalation can reduce systemic side effects. As a result, many pulmonary conditions such as chronic obstructive pulmonary disease (COPD), pulmonary arterial hypertension, cystic fibrosis, and asthma are commonly treated using inhalation therapy. Since the outbreak of COVID-19 in 2020, many pharmaceutical companies have tried to use already-marketed drugs to treat lung damage caused by COVID-19 or infection.

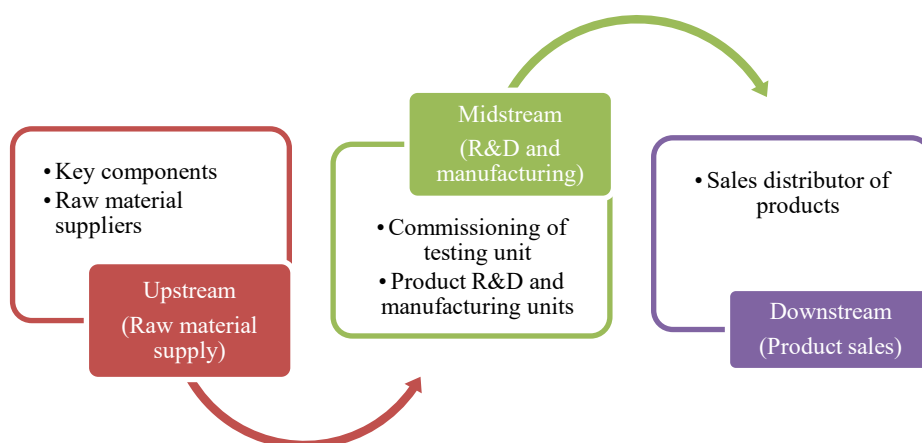
Currently, there are several drug delivery methods for inhalation therapy, including dry powder inhalers (DPI), pressurized metered dose inhalers (pMDI), soft mist inhalers (SMI), and nebulizers. Each device requires different usage methods and techniques. Clinical data indicate that DPI, pMDI, and SMI often demand specific inhalation techniques, leading to a high rate of incorrect use among patients, which may ultimately compromise treatment outcomes or cause potential side effects. Nebulizers do not require patients to cooperate with special inhalation techniques and are more suitable for use in young children (<12 years old), the elderly or other groups that have difficulty with inhalation treatment. Nebulizer treatment is effective with few side effects, and the demand for it is increasing.

Therefore, in the face of the trend of increasingly diverse drug development from small molecules, large molecules or nucleic acid-based RNA drugs, nebulizers that can successfully deliver drugs also play a critical role. The Company is committed to becoming a global biotech company with a leading platform for aerosol drug delivery to the lungs, by using the vibrating mesh nebulizer developed and manufactured by the

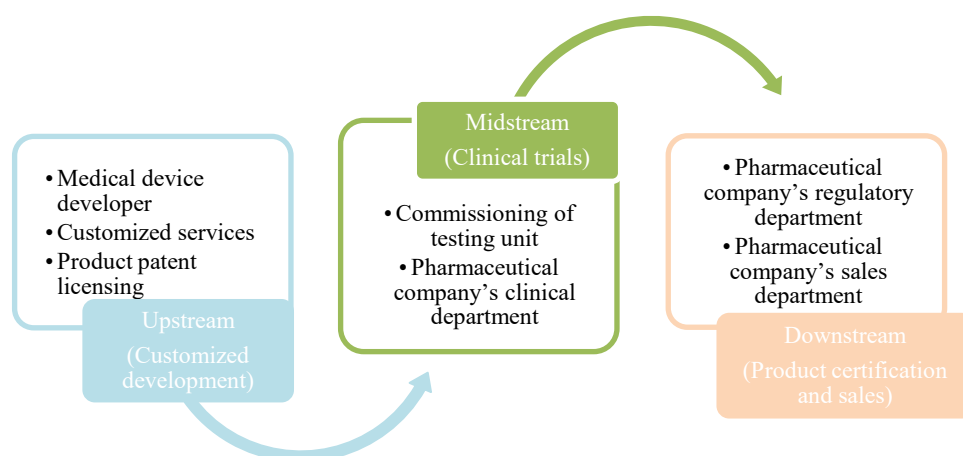
Company to deliver a variety of respiratory therapeutic drugs and address the clinical needs associated with lung diseases.

## 2. Correlation among the upstream, midstream, and downstream segments of the industry

The upstream segment of this industry consists of various materials and component suppliers, including disposable plastic parts, electronic components, metal parts, brackets, springs, and stamped outer casings. As a company specializing in the R&D and manufacturing of vibrating mesh nebulizers, the Company must not only collaborate with upstream raw material suppliers but also connect with midstream testing organizations to support product development and manufacturing. Finally, the Company integrates with downstream distributors and resellers for product sales.



In addition to the above vertical aspects, the Company's CDMO business combines commissioned development and manufacturing capabilities. It controls the technology platform to enhance the delivery efficiency of various types of drugs through customization and can provide differentiated services with high added value.

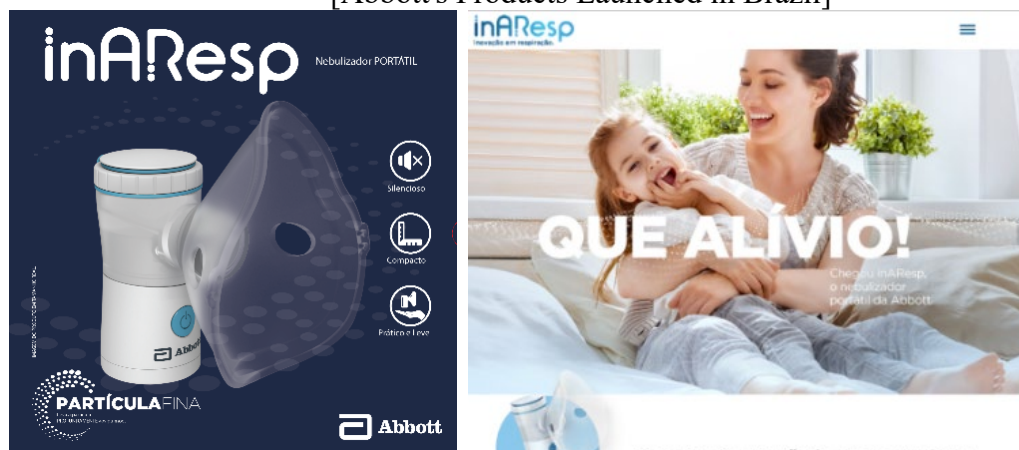


### 3. Various product development trends

#### (1) Deepto™/Pulmogene™

The continuous nebulizers Deepto™/Pulmogene™ series has obtained medical device licenses from Taiwan TFDA, EU CE mark, China NMPA, Brazil INMETRO, US FDA, Australia TGA and the UK. This product series consists of portable, home-use nebulizers, with performance suitable for aerosolizing most medications commonly used by asthma or chronic obstructive pulmonary disease (COPD) patients, such as various bronchodilators, inhaled corticosteroids, or expectorants. Following regulatory approval for the market launch of the medical device, the Company actively sought internationally renowned sales partners, initially targeting the over-the-counter (OTC) market. Through dedicated negotiations and efforts by the team, the first-generation product, Deepto™, caught the attention of Abbott Brazil. After passing Abbott's rigorous assessments on product performance, quality, and patents, the Company signed a five-year exclusive distribution agreement with Abbott for the Brazilian market in 2018. The following year, after both parties obtained Brazilian medical device market approval (INMETRO/ANVISA), the product was officially launched in the region under the trade name inAResp, and generated tens of millions in sales revenue for the Company.

[Abbott's Products Launched in Brazil]



Additionally, mainland China is currently the world's largest market for nebulization therapy. According to statistics, in 2019, the number of people with respiratory diseases in China reached approximately 152 million. Most patients are also highly receptive to nebulizer-based treatment. It is estimated that 6.1 million medical nebulizers were sold in that year alone, with the market continuing to grow rapidly. As a result, the Company's management team also actively pursued partnerships in China to gain a foothold in the market. In 2020, the Company achieved

significant progress. In addition to obtaining a medical device market approval from China's National Medical Products Administration (NMPA), it also signed an exclusive distribution agreement with Shanghai SMC. The Deepro™ product officially launched in China's market in October 2020, and is currently available to China's consumers through local out-of-hospital distribution channels and e-commerce platforms. Although the product launch event in October 2020 was held online due to the COVID-19 pandemic, it still attracted over 25,000 simultaneous online viewers.

[Online Conference and Forum on Product Launch in China in October 2020]



In accordance with regulations and related strategies, the Company put the product on the shelves of the drugstore chain Great Tree Pharmacy in 2022. Since 2024, the Company has also been selling the product to We Can Medicines, MedFirst Healthcare Services, etc. through distribution of Top International Biotech.

[Product launch promotion]



In the European and American markets, the Company signed a Pulmogine distribution agreement with the Irish company Aerogen in 2024. Aerogen is the world's largest hospital-based nebulizer company. Through this agreement, the Company successfully entered the European and American markets and completed its first shipment in the first quarter of 2025.

In the future, the Company will continue to cooperate with its partners to enhance the competitiveness and differentiation of products, expand into new markets, and expand its sales presence in the field of home care.

## (2) AdheResp™

With the increasing diversity of new drug types and the varied needs of clinical treatment scenarios, pharmaceutical companies are demanding more complex and versatile functionalities from nebulizers. According to statistics, in recent years, over 60% of respiratory drug development has shifted toward large-molecule drugs. These include protein-based therapies, monoclonal antibodies, and RNA-based drugs, which are currently the primary focus of development. Since it is relatively difficult to

develop dry powder formulations for such large-molecule drugs, pharmaceutical companies have a strong demand for nebulizers capable of aerosolizing liquid formulations, especially those that offer high nebulization efficiency and low residual volume. However, many pharmaceutical companies do not have relevant experience in medical device research and development internally, so in recent years there has been a strong demand for pharmaceutical companies to seek external partnerships for high-end nebulizer development. The Company's management team has identified this unmet need and has actively invested in the development of second-generation high-end nebulizer AdheResp in recent years while seeking pharmaceutical companies to develop drug-device integrated products.

In 2021, the Company signed a long-term collaborative development agreement with Australian pharmaceutical company CSL to design a customized breath-actuated nebulizer for CSL's new drug, CSL-787. CSL-787 is a human plasma-derived immunoglobulin that CSL anticipates could be used to treat patients with non-cystic fibrosis bronchiectasis (NCFB), who suffer from chronic bacterial infections. This led to the initiation of Phase 1 clinical trial to deliver the immunoglobulin to patients' lungs using the Company's nebulizer. The trial aimed to evaluate the safety, tolerability, pharmacokinetics (PK), pharmacodynamics (PD), and potential efficacy of CSL-787. The Phase 1 trial was completed in 2023 and demonstrated that the Company's nebulizer is capable of effectively delivering human plasma-derived immunoglobulin. The drug CMS, owned by the well-known Italian pharmaceutical company Zambon, could no longer be marketed because the nebulizer Philips i-neb that matched it had been discontinued. Zambon then approached the Company to seek cooperation, and we customized and developed a dedicated nebulizer for CMS. As the indications of CMS i-neb and CSL787 overlap, in order to ensure that the cooperation with Zambon would not generate possible contractual risks, after much consideration and discussion, the Company reached an agreement with CSL to terminate the contract and completed the signing of cooperative development agreement with Zambon. CMS i-neb has a high probability of obtaining FDA approval for marketing, and its development schedule has already completed Phase 3 clinical trials. It is estimated that cooperation with Zambon will accelerate FDA approval and enable rapid entry into the global market. In addition, CMS i-neb is likely to become the first-in-class drug for NCFB patients infected with *Pseudomonas aeruginosa*. It is estimated that after its successful launch, it will benefit many patients in a short period of time, thereby increasing and







contributing to the Company's revenue in advance. The Company also signed a joint development cooperation agreement with Company A in 2024. The Company will assist the pharmaceutical company in replacing its old nebulizers with the Company's customized nebulizers, thus providing patients with a more efficient and convenient treatment process.

Moreover, since drug-device combination products need to be bundled with other drugs for sale after being approved for marketing by regulatory agencies such as the FDA, the sales price of medical devices is high and stable compared to the highly competitive OTC market. Therefore, such cooperation projects are expected to not only lay the foundation for the Company's high-end medical nebulizers and attract more pharmaceutical companies to cooperate in authorized development, but also gain a key position in the field of respiratory therapy. In addition, the management team will replicate the previous cooperation with internationally renowned pharmaceutical companies and actively expand potential cooperative customers.

#### 4. Competition of products

There are many manufacturers of mesh nebulizers on the market. The comparison between Deepto/Pulmogine/ADP and other mesh nebulizers is shown in the following figure:

Item/Supplier	HCmed	Pari	Philips	Omron
Products				
	Deepro / Pulmogine / ADP	eFlow / Velox	LnnoSpire Go/I Neb Advance	NE-U100
Target market	Drug-device combination + over-the-counter (OTC) market	Drug-device combination + over-the-counter (OTC) market	Drug-device combination + over-the-counter (OTC) market	Over-the-counter (OTC) market
Source of spray nozzle	In-house development + Outsourced manufacturing	In-house development	Outsourced manufacturing	Outsourced manufacturing
Bluetooth connection	Yes (ADP)	None	None	None
Breath detection	Yes (ADP)	None	Yes (ADP)	None
Sales market	Global market	Global market	USA, Australia, Finland, Germany, Norway, UK	Global market
Production and manufacturing	In-house production	In-house production	Contract manufacturing	In-house production
Customized design	Yes (Pulmogine /ADP)	Yes (eFlow))	None	None



The biggest difference between the Company and other competitors is that the Company is in charge of everything from product development technology to production. Therefore, the degree of customization is high, making it easier to connect with pharmaceutical companies and meet their needs for various drugs.

### (III) Overview of technology and R&D

#### 1. Technology level of the business

With the rapid development of society, factors such as air pollution, tobacco use, and population aging have led to a growing number of patients with respiratory diseases. To meet the demand for effective and painless treatment, an increasing number of biotech companies are investing in inhalation therapies each year. Inhalation therapy has now been widely and effectively applied in the field of bronchial treatments. Inhalation-based therapy is a very important non-injection drug delivery method. Among them, nebulization therapy is a type of inhalation treatment in which a nebulizer converts liquid medication into an aerosol, and transforms it into 3-5  $\mu\text{m}$  particles suspended in gas. These particles are inhaled into the lower respiratory tract and lungs through the patient's natural breathing, thereby increasing the local concentration of the drug in the airways and achieving the desired therapeutic effect. The benefit of nebulization therapy for patients is that the medication can act directly on the affected area. As a result, nebulization therapy is faster and more effective than traditional oral medications, and it only requires one-tenth of the dosage used in oral administration and significantly reduces drug side effects, which is an important advantage for elderly or pediatric patients.

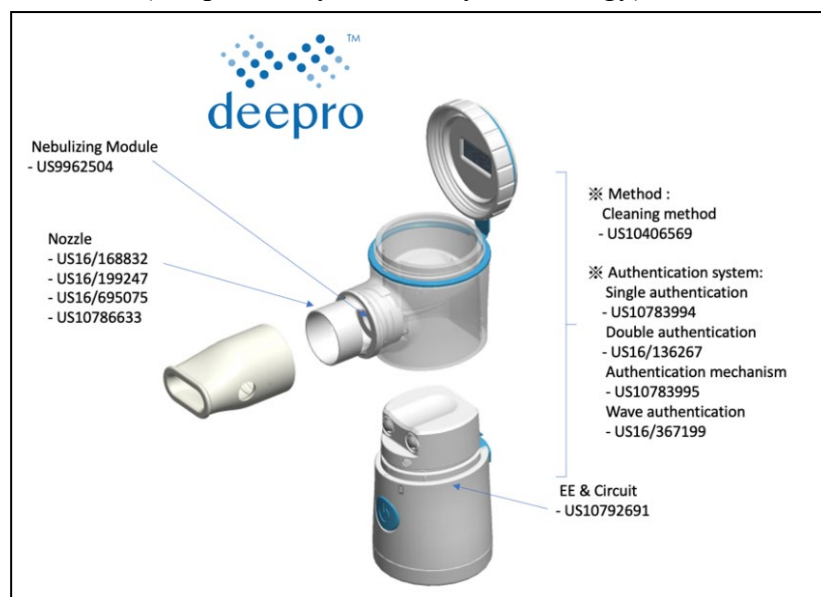
The Company maintains its capacity and competitiveness in product development through patent layout and the research and development of several innovative technologies.

#### (1) Patent layout

Vibrating mesh nebulizers are becoming the primary choice in nebulization therapy due to their advantages, including compact size, high nebulization efficiency, minimal temperature rise of the medication, and low residual volume. According to literature, 72% of clinical trials in 2016 employed mesh nebulizers for drug delivery. Therefore, in order to enhance the competitiveness of mesh nebulizer products, the Company attaches great importance to the strategic patent layout of key technologies. At present, the Company has actively applied for patents or trade secrets for the first-

generation Deepro and the second-generation AdheResp. The relevant patent layouts total 130, and the number of granted patents has exceeded 90, with some valid until 2043. The patent layout is based on the main device, medication cup, mouth piece, airflow, vibrating mesh, drug-device combination and other directions. The domestic and foreign patent layout is shown in the following chart:

(Deepro <sup>TM</sup>Key Patent Layout Strategy)



(AdheRes <sup>TM</sup>Key Patent Layout Strategy)



## (2)Micro synchronized delivery technology, MSDT)

To accommodate the physical and chemical properties of different drugs during the nebulization process, the device dynamically and instantaneously adjusts the

oscillation frequency of the mesh in the nebulization module. This ensures that the mesh operates at its optimal frequency, producing 3-5  $\mu\text{m}$  aerosol particles and achieving high delivery efficiency, allowing the aerosolized drug to follow the airflow into the lower respiratory tract to treat lung-related diseases. This technology is currently capable of successfully nebulizing drugs with higher viscosity, such as liposomes, human immune globulins, and suspensions. The Company has leveraged this core technology to attract the interest of several international pharmaceutical companies developing new drugs and is actively pursuing collaborative development projects.

### (3) Breath-actuated function

Currently, the vast majority of mesh nebulizers on the market operate in a continuous nebulization mode. As a result, during treatment, the nebulizer continues to aerosolize the medication regardless of whether the patient is inhaling or exhaling. This leads to medication waste and aerosol dispersion into the surrounding air, which may pose health risks to the environment, caregivers, or family members assisting with treatment. Since the outbreak of COVID-19 in 2020, the dispersion of aerosols has increased the risk of viral transmission. Therefore, nebulizers equipped with breath-actuated functions are gaining significant attention. The Company's R&D team has integrated a pressure differential detection system into the medication chamber of AdheResp device. This system accurately detects the patient's respiratory rate, activating nebulization only during inhalation and pausing during exhalation. Moreover, the pressure-sensing system can also detect weak respiratory flow in patients with reduced lung function or in children.

### (4) Bluetooth connection

In general, inhalation therapy is primarily used by patients with chronic pulmonary diseases such as chronic obstructive pulmonary disease or asthma. The long-term nature of these treatments may reduce patient compliance, which can negatively impact treatment outcomes. Therefore, the inclusion of Bluetooth connectivity allows for the upload of treatment data, enabling clinicians and family members to monitor the patient's treatment status in real time, significantly improving the quality of care. Pharmaceutical clients can use the clinical data returned by patients for subsequent algorithmic analysis to provide valuable clinical reference data for drug improvement.

## (5)High-efficiency drive circuit

Addressing the issue of high-power consumption in conventional nebulizers, which require being plugged in and fixed for home use. Through the design of a high-efficiency drive circuit combined with optimized hardware circuitry and microprocessor-controlled software, the nebulization module can operate precisely in its most efficient mode. Compared to conventional nebulizers, this system reduces power consumption by over 98.5%. It is compatible with standard dry cell batteries and rechargeable batteries, making it convenient for patients to carry and use regularly over extended periods.

## 2. R&D status and achievements

Product/Model number	Key technology focus	R&D achievements/progress
Deepro®/Pulmogine®/Deepro®/HCM-86C	<ul style="list-style-type: none"> <li>Mesh-type continuous nebulization technology</li> <li>IP55 waterproof structural design</li> <li>High-efficiency drive circuit</li> <li>One-button cleaning function</li> <li>Simple operation design</li> <li>Safe nebulizer medicine cup</li> </ul>	<ul style="list-style-type: none"> <li>Completed development and mass production</li> <li>Taiwan TFDA Class II medical device market approval</li> <li>EU CE mark (MDD approval obtained and MDR recertification application in progress in 2024)</li> <li>US FDA 510(k) market approval in 2022</li> <li>Australian TGA market approval in 2023</li> <li>UK market approval in 2024</li> </ul>
AdheResp®/ADP-01	<ul style="list-style-type: none"> <li>Mesh-type nebulization technology</li> <li>Breath-actuated function</li> <li>Bluetooth connection</li> <li>NFC drug-lock feature</li> <li>Rechargeable lithium battery</li> </ul>	<ul style="list-style-type: none"> <li>Completed product design and development</li> <li>Completed small-scale pilot production and process validation</li> <li>US FDA 510(k) application in progress in 2024</li> </ul>
ADP-02	<ul style="list-style-type: none"> <li>Customized configurations (drug binding/combination products/non-cystic fibrosis bronchiectasis NCFB)</li> <li>Large-capacity drug reservoir design</li> <li>High-efficiency nebulization function</li> </ul>	<ul style="list-style-type: none"> <li>Completed prototype design and functional verification in 2022</li> <li>Completed ergonomic analysis of the prototype in 2021</li> <li>Completed primate toxicology tests in 2022</li> <li>Completed multinational, multicenter phase 1 clinical trials in 2023</li> </ul>
ADP-03	<ul style="list-style-type: none"> <li>Customized configurations (drug binding/combination products/non-cystic fibrosis bronchiectasis NCFB)</li> <li>Small-capacity, metered drug reservoir design</li> <li>High flow resistance design</li> </ul>	<ul style="list-style-type: none"> <li>3D/CNC prototype design and verification phase</li> </ul>

Product/Model number	Key technology focus	R&D achievements/progress
ADP-05	<ul style="list-style-type: none"> <li>Customized configurations (drug binding/combination products/rare pulmonary diseases)</li> <li>LED screen display</li> <li>Metered-dose nebulization design</li> <li>Breathing frequency control</li> <li>Small-capacity drug reservoir design</li> </ul>	<ul style="list-style-type: none"> <li>3D/CNC prototype design and verification phase</li> <li>Process design and development</li> </ul>

### 3. R&D personnel and their academic experience

Unit: Persons; Year

Items \ Year	2023		2024		As of April 30, 2025	
	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
PhD	1	4.35	1	3.70	1	4.55
Master's degree	7	30.43	9	33.33	9	40.91
University (including junior college)	15	65.22	15	55.56	10	45.45
University (including junior college) and below	-	-	2	7.41	2	9.09
Total	23	100.00	27	100.00	22	100.00
Average years of service	2.35		2.63		3.50	

### 4. R&D expenses incurred in the most recent year and up to the date of publication of the annual report

Unit: NTD thousand; %

Items \ Year	2020	2021	2022	2023	2024
R&D expenses	36,644	43,314	66,854	67,668	73,337
Net operating revenue	32,324	54,055	6,478	9,235	141,612
as a percentage of net operating revenue	113.36	80.13	1,032.02	732.73	51.82

### 5. Technologies or products successfully developed in the most recent year and up to the date of publication of the annual report

Two series of mesh nebulizer products have been successfully developed, including the continuous nebulization devices (Deepro™/Pulmagine™ series) and the breath-actuated nebulization device (AdheResp™ series).

Year	Products	Development progress	R&D results
2015 - 2022	Deepro™/ Pulmogine™	<ul style="list-style-type: none"> <li>• Mesh-type nebulization technology</li> <li>• Bluetooth connection</li> <li>• Integrated structure and structural waterproofing technology</li> <li>• High-efficiency drive circuit</li> <li>• One-button cleaning function</li> <li>• Simple operation design</li> <li>• Safe nebulizer medicine cup</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained patents in Taiwan, the United States, mainland China, Europe and other countries.</li> <li>• Obtained Taiwan TFDA, EU CE mark, China NMPA, Brazil INMETRO.</li> <li>• Obtained US FDA 510(k) marketing license.</li> <li>• Obtained Australian TGA license.</li> <li>• Cooperated with Abbott in Brazil and SMC in China to successfully launch products in the two major markets of Brazil and mainland China.</li> </ul>
2021 to present	AdheResp™	<ul style="list-style-type: none"> <li>• Mesh-type nebulization technology</li> <li>• Breath-actuated nebulization function</li> <li>• High-efficiency drive circuit</li> <li>• The Company is collaborating with pharmaceutical firms to develop drug-device combination products by converting original injectable formulations into inhalable forms for the treatment of COPD and non-cystic fibrosis bronchiectasis (NCFB)</li> </ul>	<ul style="list-style-type: none"> <li>• The Company has started strategic collaboration with multiple pharmaceutical companies to jointly develop integrated drugs and devices, including new pathways for old APIs, new devices for old drugs, and completely new drugs and devices. The collaboration is broad and in-depth.</li> <li>• Patents in many countries have been obtained and are still being applied for.</li> </ul>

#### (IV) Long-term and short-term business development plans

##### 1. Short and medium-term business development plans

The short-term business goal is to carry out long-term licensing and cooperative development with multiple international new drug development pharmaceutical companies, using the Company's core delivery technology to customize the development of their high-value new drugs, while providing complete patent protection for the integration of drugs and devices, thereby improving the competitiveness and market value of new drugs for pharmaceutical customers. Currently, the Company has started development work with multiple pharmaceutical companies on drug-device combination product development projects, and stacked different R&D progress, so that the Company's revenue can flow from the development milestone funds obtained in the development stage all the way to product certification, production, and sales, thereby obtaining a large amount of product sales revenue and sales incentives.

## 2. Medium and long-term business development plans

The mid- to long-term business strategy is to transform a passive model into an active model by using the established foundation and the assistance of scientific advisors to select topics, select lung treatment drug-device combination products with development value, use in-licensing to combine drugs with therapeutic potential with nebulizers, and then use the 505(b)(2) development process to reduce development risks and costs, shorten the time to market, and finally use out-licensing partner pharmaceutical companies to bring high profits to the Company. Since the amount of R&D investment required at this stage is large, it will be driven by operating performance to avoid exposing the Company to operational risk.

## II. Market and production and sales overview

### (I) Market analysis

#### 1. Sales (provision) areas of major products (services)

Unit: NTD thousand; %

Sales area \ Year	2023		2024	
	Sales amount	Proportion	Sales amount	Proportion
USA	6,291	68.12	123,982	87.55
Taiwan	1,422	15.40	3,638	2.57
Switzerland	743	8.05	-	-
Israel	434	4.70	-	-
UK	271	2.93	-	-
Others	74	0.80	13,992	9.88
Total	9,235	100.00	141,612	100.00

#### 2. Market share

The Company is expanding its scale and corporate value through a phased short, medium, and long-term strategy. Prior to 2020, its focus was on developing core products and building brand awareness and product recognition. Acting as a medical device supplier, the Company sought partnerships with internationally renowned pharmaceutical companies and distributors. The goal was to leverage its partners' brand recognition to establish the Company's international visibility, corporate image, and credibility. The Company has successfully partnered with Abbott Brazil and China's SMC to launch its products in the Brazilian and China's markets. As a result, in the second half of 2020, the Company began targeting the drug-device combination market. Through collaborations

with international pharmaceutical companies, it aims to position itself as a developer of advanced medical devices and offer a unique CDMO model for customized drug-specific nebulizers. Since its services target global pharmaceutical companies, market share is difficult to estimate precisely.

### 3. Future market supply and demand and growth

The global market for inhaled drugs used to treat respiratory diseases continues to grow steadily. COVID-19 has further accelerated the pharmaceutical industry's investment in inhaled drug development. The entry barrier for inhalation drug-device combination CDMO services is high, and this field is a key resource in inhaled drug development. With growing demand and profit potential, the sector has increasingly attracted international investment. In May 2020, Altaris Capital in the US acquired an 83% stake in Kindeva, an inhalation drug-device combination CDMO for US\$650 million. In August 2021, Philip Morris International (PMI) and The Carlyle Group competed to acquire Vectura, another such CDMO, which pushed its valuation up to US\$1.4 billion.

The Company has entered the field of nebulizers specifically for advanced drugs and has been developing integrated drug and device products with a number of international pharmaceutical companies. The goal of entering the advanced nebulizer market is to jointly invest with pharmaceutical partners in the early clinical development stages of new drugs, establish the Company's position in the development of advanced medical devices, and attract more international cooperation and licensing opportunities to enhance the Company's value. With the diversification of new drug types and the increasing complexity of clinical treatment needs, pharmaceutical companies' requirements for nebulizer functions have become more complex and diverse. For example, high-priced large-molecule drugs or monoclonal antibody drugs are more difficult to develop in dry powder dosage forms, so pharmaceutical companies are in great need of nebulizers that can aerosolize solution dosage forms and feature high nebulization efficiency and low residue functions. In response to the future needs of smart medical care, they may even need complex functions such as networking and smart detection. However, many pharmaceutical companies do not have relevant in-house medical device R&D experience. Therefore, in recent years, pharmaceutical companies have a strong demand for external cooperation in high-end nebulizer devices. The Company has insight into this unmet market need and has been actively engaged in the development of advanced nebulizers in recent years. It has also successfully promoted its CDMO business of advanced drug-specific nebulizers. After the launch of its advanced nebulizer technology platform AdheResp, more than 10 pharmaceutical companies from various countries have approached us for cooperation on exclusive nebulizers.

### 4. Competitive advantage

The Company is one of the few in Taiwan that focuses on developing drug delivery nebulizer platforms. It possesses core technologies for advanced mesh nebulizers and offers nebulization treatments for inhaled medications for lung diseases, such as inhaled



corticosteroids (ICS) and bronchodilators. Its products Deepto™ and Pulmogine™ have been approved for market launch in Taiwan, the EU, Brazil, mainland China, USA, Australia, and the UK. Due to their unique vibration mode and easy-clean design, the Company's products can effectively nebulize suspension dosage forms. Additionally, the Company is actively engaged in R&D on novel inhalation drug delivery technologies to optimize nebulizer performance. It targets high-value specialty drugs such as biologics, monoclonal antibodies, and mRNA therapeutics. By integrating innovative technology with low-temperature nebulization modules and adjusting parameters such as nebulization rate, effective dosage, particle size distribution, and average particle diameter, it provides pharmaceutical partners with customized nebulization treatment platforms.

5. Favorable and unfavorable factors for future development, and the corresponding measures

(1)Favorable factors

A.Complete industrial chain and high-cost performance

Currently, the global market for medical mesh nebulizers is led by Omron (Japan), PARI (Germany), and Philips (UK), whose advanced technologies and control over product specifications place them at the forefront. The quality and pricing of their nebulizers are significantly higher than those of other competitors. Similarly, their recognition among clinical physicians and international pharmaceutical companies far exceeds that of their rivals. Taiwanese manufacturers, by contrast, primarily focus on low-end products or contract manufacturing in the global medical nebulizer market. Therefore, the Company is dedicated to offering high cost-performance medical mesh nebulizers. In addition to launching innovative medical device products that meet market needs, it is committed to collaborating exclusively with domestic suppliers for key components. From raw materials to production line assembly, the Company enforces the strictest quality standards.

B.High innovative technical capabilities

Since its establishment in 2014, the Company has grown from a small team of three to a CDMO company with over 60 employees, capable of both R&D and production. More than 50% of our employees are under the age of 40, fostering a company culture and spirit defined by innovation, flexibility, and agility. The Company has also played a role in cultivating domestic talent in medical device development and international collaboration.

C.Strong demand for household products

The COVID-19 pandemic in 2020 significantly impacted patients with chronic pulmonary diseases who require nebulization therapy, many of whom were unable to visit hospitals for treatment. This shift is likely to change global pulmonary treatment habits and has heightened demand for home-use medical nebulizers both

domestically and internationally. Our high cost-performance mesh nebulizers provide patients with the opportunity for home-based nebulization therapy. With patient-centered features such as breath actuation, Bluetooth connectivity, integrated structure, waterproofing, quiet operation, and ease of cleaning, our devices encourage consistent use. This improves patient adherence, enhances disease control and treatment outcomes, reduces healthcare costs, and ultimately benefits patient well-being.

## (2) Unfavorable factors and response measures

### A. Strict clinical regulations

Clinical trial, inspection, and registration regulations vary from country to country. In particular, the review schedule of each country's competent authorities is difficult to grasp, which affects the development schedule and market launch progress.

Response measures: The regulatory department needs to be familiar with the regulatory inspections and registrations of several important countries, such as the FDA/CE/TFDA/NMPA, etc., maintain complete technical documents, strengthen post-market product monitoring, and cooperate with local regulatory consulting companies to accelerate the acquisition of licenses and seize market opportunities.

### B. Long development time

Product development takes a long time and incurs huge costs. Whether or not there is sufficient operating capital will affect the progress of new drug development.

Response measures: After carefully evaluating targets with market potential and development feasibility, concentrate resources and make all-out efforts to advance them. After obtaining milestone payments, the speed of subsequent product development can be further improved.

### C. High uncertainty in China's market

Although China has significant market potential due to its large population base, it also has the risk of product plagiarism. In addition, China's market also has unstable policies, which may affect the Company's steady growth.

Response measures: To deal with the problem of plagiarism in China's market, in addition to having patented products, we also choose partners with ethical business practices. Policy instability is an issue that Taiwanese manufacturers must face in China's market. Currently, they are adopting a diversified market development approach and will not focus only on China's market, in order to reduce the risk of excessive market concentration.

## (II) Important uses and production processes of main products

### 1. Important uses of main products

Nebulization therapy is a type of inhalation treatment in which a nebulizer converts liquid medication into aerosol particles measuring 3-5  $\mu\text{m}$ , suspended in air. As the patient breathes naturally, the medication is inhaled into the lower respiratory tract and lungs, increasing the local drug concentration in the airways and thereby achieving therapeutic effects. The benefit of nebulization therapy for patients is that the medication can act directly on the affected area. As a result, nebulization therapy is faster and more effective than traditional oral medications, and it only requires one-tenth of the dosage used in oral administration and significantly reduces drug side effects, which is an important advantage for elderly or pediatric patients.

### 2. Production processes of main products

The raw materials for plastic parts, silicone components, key components, and packaging materials of vibrating mesh nebulizer products are designed and developed by the Company. These components are manufactured and supplied by contracted vendors, then inspected and assembled in the Company's cleanroom facility.

The CDMO service for drug-specific nebulizers is based on the Company's technology platform, which improves the delivery efficiency of various types of drugs through customization, provides specialized nebulizers that meet specific performance requirements, and develops them. Supply of main raw materials.

## (III) Supply of main raw materials

The Company's major suppliers are all long-term cooperative manufacturers. We maintain a good and stable cooperative relationship with them. In addition to fully controlling the supply of goods, we also strictly control the quality and delivery time to ensure the stable supply of main raw materials. In order to ensure stable quality, key components are also inspected item by item.

Main raw materials	Major suppliers	Supply status
Metal	Supplier A	Good

## (IV) Names of customers who have accounted for more than 10% of the total purchase (sales) in the last two years, their purchase (sales) amount and proportion, and an explanation of the reasons for the increase or decrease

1. Major suppliers in the last two years:

Unit: NTD thousand; %

Items	2023				2024			
	Name	Amount	As a percentage of net purchase for the year	Relationship with the issuer	Name	Amount	As a percentage of net purchase for the year	Relationship with the issuer
1	Supplier A	1,681	29.78	-	Supplier A	2,083	59.65	-
2	Hsing Wei	684	12.12	-	Yu Yuan	366	10.48	-
3	Chun Yang	678	12.01	-	-	-	-	-
4	Others	2,602	46.09		Others	1,043	29.87	-
	Net purchase amount	5,645	100.00	-	Net purchase amount	3,492	100.00	-

Reasons for increase or decrease:

The main business operations of the Company and its subsidiaries focus on the development, manufacturing, and sales of drug-device combination CDMO products. At the current stage, operations are primarily in the development phase, with most incoming materials being sample quantities prepared for development purposes. Due to the small volume involved, the total procurement amount and supplier composition varied between 2023 and 2024.

2. Major sales customers in the last two years:

Unit: NTD thousand; %

Items	2023				2024			
	Name	Amount	as a percentage of net sales for the year	Relationship with the issuer	Name	Amount	as a percentage of net sales for the year	Relationship with the issuer
1	Customer A	5,834	63.17	-	Customer A	123,368	87.12	-
2	Great Tree Pharmacy	1,133	12.27	-	-	-	-	-
3	Others	2,268	24.56	-	Others	18,244	12.88	-
	Net sales	9,235	100.00	-	Net sales	141,612	100.00	-

Reasons for increase or decrease:

As the Company's CDMO business continues to grow, related service income and revenue from co-development licensing agreements have increased. In addition, the Company revised its sales strategy for nebulizers in the general market. Previously, sales were conducted via consignment through chain pharmacies. In 2024, the Company

transitioned to an outright sales model by selling products to distributors, who then supply them to major pharmacy chains. This change has driven growth in nebulizer sales volumes, resulting in changes to the composition of major customers from year to year.

III. Number of employees, average years of service, average age and educational background of employees in the last two years and up to the date of publication of the annual report

Unit: Persons; %

Year		2023	2024	As of April 30, 2025
Number of employees	Managers	3	4	5
	Direct personnel	7	9	9
	Indirect personnel	51	55	52
	Total	61	68	66
Average age (years)		39.13	40.19	39.85
Average years of service (years)		3.15	3.36	3.60
Educational background distribution ratio (%)	PhD	4.92	2.94	3.03
	Master's degree	26.23	26.47	24.24
	University, College	59.02	57.35	59.09
	High school	9.83	13.24	13.64
	Total	100.00	100.00	100.00

IV. Information on environmental protection expenditure

Losses incurred due to environmental pollution in the most recent year and up to the date of publication of the annual report (including compensation and environmental protection audit results for violations of environmental protection laws and regulations, which should specify the date of penalty, the penalty number, the provisions of violation, the content of violation, and the content of penalty), and the estimated amount and response measures that may occur at present and in the future: None.

## V. Labor-management relations

- (I) The Company's employee welfare measures, further education, training, retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures:

### 1. Employee welfare measures

In addition to providing basic protection of labor and health insurance for employees, the Company also provides group insurance for employees. The welfare implementation measures include three festival welfare funds, birthday gifts, wedding gifts, funeral gifts, club subsidies, regular dinner activities, education and training, etc. In terms of health management, periodic employee health checks are carried out. The employee reward program includes employee stock options and annual employee compensation if there is a profit.

### 2. Further education and training status of employees

For new recruits who joined the Company, the Company arranges an orientation session on their first day, introducing the company overview, work regulations, the working environment, and key personnel. To promote lifelong learning, enhance professional knowledge and skills, and foster cultural literacy for improved service quality and performance, the Company encourages full-time employees, upon approval, to participate in various on-the-job training and development programs. Additionally, the Company organizes periodic business skill-sharing sessions to foster continuous learning and personal growth through work.

### 3. Employee retirement system and its implementation

According to the "Labor Pension Act", the Company contributes 6% of the salaries to individual pension accounts of the employees, and the employees may also choose to contribute the related pensions to their individual pension accounts.

### 4. Agreement between labor and management

All regulations of the Company are in accordance with the Labor Standards Act and labor-management meetings are held. So far, the labor-management relationship is harmonious and there are no labor-management disputes that require coordination.

### 5. Various measures to protect employee rights and interests

The Company has established a comprehensive document management framework and system that contains various management methods, clearly defines the rights and

obligations of employees and welfare items, and regularly reviews the welfare content to protect the rights and interests of employees.

- (II) The losses incurred due to labor-management disputes in the most recent year and up to the date of publication of the annual report (including labor inspection results that violate the Labor Standards Act, which should list the date of penalty, penalty number, the provisions of violation, the content of violation, and the content of penalty), and disclose the estimated amount and response measures that may occur now and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained:

Since the establishment of the Company, the labor-management relationship has been harmonious and we have not suffered any losses due to labor-management disputes. In the future, as both labor and management complement each other and grow synchronously, we should be able to avoid the risk of losses due to labor-management disputes by jointly managing the relationship.

## VI. Information security management

- (I) Information security risk management framework, information security policies, specific management plans, and resources invested in information security management, etc.:

The Company adopts off-site backup of cloud and local databases, and implements appropriate authority control to ensure that the Company's important information is not stolen by external intrusion or equipment damage, which may cause operational risks to the Company. In addition, the Company has also commissioned a professional information unit to assist in setting up firewalls, regularly reviewing equipment and system protection to ensure the security of the Company's information.

- (II) The losses, possible impacts, and response measures incurred due to major information security incidents in the most recent year and up to the publication date of the annual report, if it is impossible to reasonably estimate, the fact that it is impossible to reasonably estimate should be explained: None.

## VII. Important contracts

Nature of the contract	Contracting party	Contract start and end dates	Main content	Restrictive clauses	Notes
Lease contract	O-Kui Huang	December 1, 2024 - November 30, 2027	Factory lease	-	-
Lease contract	Cathay No.2 Real Estate Investment Trust Fund	February 1, 2023 - June 30, 2025	Office rental	-	-
Lease contract	Cathay No.2 Real Estate Investment Trust Fund	July 1, 2023 - June 30, 2025	Office rental	-	-
Lease contract	Guang Teng Renewable Energy Co., Ltd.	February 1, 2025 - January 31, 2027	Factory lease	-	-
Distribution contract	TOPMED INTERNATIONAL BIOTECH CO., LTD.	April 1, 2024 - December 31, 2025	Distribution of products in Taiwan	-	TOPMED INTERNATIONAL BIOTECH will transfer its sales products and sales channels to MARX Biotech in March 2025
Drug-device combination development contract	ZAMBON S.P.A.	From April 2024	Collaborating with ZAMBON to develop an inhalation formulation for NCFB medication; ZAMBON is responsible for drug development, clinical trials, and commercialization, while the Company is in charge of customizing the AdheResp breath-actuated nebulizer platform and providing nebulization testing and performance analysis for the drug throughout various development stages	-	-
Drug-device combination development contract	Company A	From October 2024	Collaborative development of integrated drug-device combination products	-	-
Distribution contract	Aerogen	From August 2024	Global product distribution	-	-
Bank loans	Sunny Bank Ltd.	December 20, 2024 - January 6, 2045	Long-term borrowings	-	Mortgage of land and factory buildings



## Five. Review and Analysis of Financial Position and Financial Performance, and Risk Issues

### I. Financial position

The main reasons for and impact of major changes in assets, liabilities and equity in the most recent two years. If the impact is significant, the future response plan should be explained:

Unit: NTD thousand; %

Items \ Year	2023	2024	Increase or decrease	
	Amount	Amount	Amount	%
Current assets	254,538	187,364	(67,174)	(26.39)
Property, plant and equipment	16,098	19,971	3,873	24.06
Right-of-use assets	16,132	8,744	(7,388)	(45.80)
Intangible assets	32,525	13,903	(18,622)	(57.25)
Other assets	6,791	16,808	10,017	147.51
<b>Total assets</b>	<b>326,084</b>	<b>246,790</b>	<b>(79,294)</b>	<b>(24.32)</b>
Current liabilities	40,583	32,744	(7,839)	(19.32)
Non-current liabilities	8,490	4,733	(3,757)	(44.25)
<b>Total liabilities</b>	<b>49,073</b>	<b>37,477</b>	<b>(11,596)</b>	<b>(23.63)</b>
Share capital	300,107	300,337	230	0.08
Capital reserve	436,871	446,758	9,887	2.26
Retained earnings	(459,794)	(538,007)	(78,213)	17.01
Other equity	(173)	225	398	(230.06)
<b>Total equity</b>	<b>277,011</b>	<b>209,313</b>	<b>(67,698)</b>	<b>(24.44)</b>
(I) Explanation of the reason for change (change of 20% or more and the amount of change is NT\$10 million):				
1. Current assets: Mainly used to maintain the normal operations of the Company, a portion of time deposits with maturities of over three months was redeemed for use.				
2. Intangible assets: Mainly due to the impairment of goodwill arising from the consolidation of the investee company Harvest Precision Innovations Co., Ltd. in 2024.				
3. Other assets: The main reason was that the lessor of the original factory site changed from leasing to selling. In 2024, the Board of Directors approved the purchase of land and building, and the amount paid in advance was for the purchase of land and building.				
4. Total assets: Please refer to 1 and 2 for details.				
5. Total liabilities: Mainly due to the recognition of revenue in the current period for the contract liabilities at the beginning of the period.				
6. Total equity: Mainly due to the loss in 2024.				
(II) Future response plans for those with significant impacts:				
The Company is committed to R&D and continues to present its R&D results to pharmaceutical companies in exchange for collaboration opportunities. The Company signs agreements with clients for the joint development of drug-device combination products; however, as the development timeline is long, operational funding relies on				

upfront and milestone payments. When these funds are insufficient, the Company will initiate capital increase to maintain normal operating cash flow needs.

## II. Financial performance

- (I) The main reasons for the significant changes in operating revenue, operating net profit and pre-tax net profit in the most recent two years:

Unit: NTD thousand; %

Items \ Year	2023	2024	Increase or decrease	
	Amount	Amount	Amount	%
Operating revenue	9,235	141,612	132,377	1,433.43
Operating cost	(35,383)	(41,961)	6,578	(18.59)
Gross profit (loss)	(26,148)	99,651	125,799	(481.10)
Operating expenses	(117,613)	(137,242)	(19,629)	16.69
Net operating loss	(143,761)	(37,591)	106,170	(73.85)
Non-operating income and expenses	(22,635)	(13,337)	9,298	(41.08)
Net loss before tax	(166,396)	(50,928)	115,468	(69.39)
Income tax (expense) benefit	470	(27,285)	(27,755)	(5,905.32)
Net loss for the period	(165,926)	(78,213)	87,713	(52.86)
Other comprehensive income for the period	(173)	398	571	(330.06)
Total comprehensive income for the period	(166,099)	(77,815)	88,284	(53.15)
Explanation of the reason for change (change of 20% or more and the amount of change is NT\$10 million):				
1. Operating revenue: Mainly due to the successful development of CDMO business in 2024, which led to an increase in related labor service revenue and authorized cooperative development revenue.				
2. Gross profit, net operating loss and net loss before tax: Please refer to 1 for details.				
3. Income tax expense: Mainly due to the increase in income tax generated from authorized cooperative development revenue in 2024.				
4. Net loss for the period and total comprehensive income for the period: Please refer to 1 and 3 for details.				

- (II) Expected sales volume and its basis, possible impact on the Company's future financial operations and response plans:

- 1.Expected sales volume and its basis: The main sources of revenue for the Company and its subsidiaries currently come from sales in Taiwan's over-the-counter (OTC) market, service income, and CDMO-related development revenue. Sales volume primarily derives from revenue generated through OTC market sales and product sales following the

completion of CDMO development. The customized nebulizers jointly developed by the Company and its subsidiaries in collaboration with Aerogen were successfully delivered in the first quarter of 2025 to the United States and Europe. As distribution expands to more countries, sales are expected to grow year by year. Furthermore, the Company and its subsidiaries plan to leverage Aerogen's existing sales channels to distribute the products in Asia, China, and South America by 2028. In addition, the nebulizer jointly developed with pharmaceutical client A is expected to launch in 2028. Based on the minimum annual purchase volume and unit price agreed upon in the contract, revenue is projected to grow significantly.

2. Potential impact on the Company's future financial and business performance and corresponding response plans: The core CDMO business of the Company and its subsidiaries is currently in the collaborative development phase with pharmaceutical clients and has not yet progressed to new drug application (NDA) filings, mass production, or product launches. Therefore, the primary revenue in 2024 was derived from sales in the OTC market, licensing milestone payments, and service income. However, current revenues are still insufficient to cover all company expenses. In addition, the Company must complete design verifications and other development processes at various stages and coordinate with clients' drug pipelines to complete NDA applications before obtaining marketing authorization. Although R&D and operating expenses continue to rise as projects advance, funding needs are being addressed through milestone payments and a capital increase completed in the first quarter of 2025.

### III. Cash flows

#### (I) Analysis of cash flow changes in recent years:

Unit: NTD thousand; %

Year Items	2023	2024	Amount of increase (decrease)	Change ratio
Net cash (outflow) from operating activities	(111,613)	(32,540)	(79,073)	(70.85)
Net cash inflow (outflow) from investing activities	(195,153)	44,453	239,606	(122.78)
Net cash inflow (outflow) from financing activities	250,048	(13,098)	(263,146)	(105.24)
Analysis of cash flow changes:				
1. Operating activities: Due to the successful development of CDMO business in 2024, the related labor service revenue and authorized cooperative development revenue increased, resulting in an increase in cash inflow from operating activities.				
2. Investing activities: In 2024, in order to maintain normal business operations, the Company withdrew a portion of time deposits with maturities of over three months, resulting in a shift in investing activities from cash outflow to cash inflow.				
3. Financing activities: Cash outflow from financing activities increased due to the repayment of lease principal arising from the expiration of some rental contracts in 2024.				

(II) Improvement plan for insufficient liquidity:

The Company's core business focuses on the joint development of drug-device combination products with pharmaceutical companies and the execution of clinical trials for such products. As the products are still in the development stage and have not yet been launched for sale, the main sources of revenue are service/sample income during the development phase and related development milestone payments. Currently, the Company has no cash shortage and is not at risk of liquidity shortage.

(III) Cash liquidity analysis for the next year (2025):

Unit: NTD thousand

Beginning balance of cash	Estimated full-year net cash flow from operating activities	Net cash flow from investing and financing activities for the year	Estimated cash balance at the end of the period	Remedial measures for expected cash shortfall	
				Investment plan	Wealth management plan
65,825	(122,138)	163,451	107,138	-	-
<p>1. Analysis of cash flow changes in the next year:</p> <p>(1)Operating activities: Mainly due to the continuous investment in product development expenses, resulting in net cash outflow in the current period.</p> <p>(2)Investing and financing activities: Mainly due to the cash capital increase in 2025, which resulted in net cash inflow from investing and financing activities.</p> <p>2. Remedial measures for expected cash shortage: Not applicable as there is no expected cash shortage.</p>					

IV. Impact of major capital expenditure on financial operations in recent years:

On November 13, 2024, the Company's Board of Directors resolved to negotiate with the original landlord for the purchase of the factory ownership, with the transfer of title expected to be completed in the first quarter of 2025. The acquisition of the factory will help eliminate relocation risks associated with future product mass production, quality inspections, and process development. The project was financed through a long-term loan from Sunny Bank and had no significant impact on the financial operations of the Company.

V. Recent annual investment policy, main reasons for profit or loss, improvement plans, and investment plans for the coming year:

(I)The Company's reinvestment policy

The Company currently manages and controls its investments through established internal control systems, including the “Investment Cycle”, “Procedures for Acquisition or Disposal of Assets”, and “Regulations for the Supervision and Management of Subsidiaries”, in order to monitor the financial and operational status of invested businesses and supervise their performance.

(II)The main reasons for profit or loss in the most recent year and improvement plans

Unit: NTD thousand

Reinvestment business	Profit and loss of the investee company in 2024	Main reasons for profit or loss	Improvement plan
HCMED UK LIMITED	(10,477)	The subsidiary is a research and development unit that only provides experimental testing services, so there is no profit from sales.	The subsidiary adjusted its operating strategy in 2025 to become a business development unit. It has no actual operations, so in the future it will only have fixed maintenance expenses from the Company.

(III)Investment plan for the next year:

HCMED UK LIMITED adjusted its operating strategy in 2025 to become a business development unit. It has no substantive operations, so future investments will only be required to maintain basic operations.

VI. Risk issues:

(I) The impact of changes in interest rate and exchange rate, and inflation on the Company's profits and losses and future response measures:

1. Impact of changes in interest rates

In 2023 and 2024, the Company’s interest revenue amounted to NT\$832 thousand and NT\$2,484 thousand, respectively, accounting for 9.00% and 1.75% of operating revenue. This revenue primarily came from interest on bank demand deposits and time deposits. Additionally, the Company had no financing borrowings during these two years;

therefore, interest rate fluctuations only affected interest income and did not have a material impact on the Company's profit or loss. Although interest revenue is not the Company's main source of profit, the use of idle funds is managed with a focus on both liquidity and security. The Company closely monitors interest rate trends and maintains good relationships with banks to secure favorable interest rates. This enables the Company to obtain more advantageous terms when seeking bank financing in the future and to raise the necessary funds in the most efficient way.

## 2. Impact of changes in exchange rates

For business activities denominated in foreign currencies, the Company makes payments for certain consulting fees, inspection fees, and a small portion of electronic component procurement. It also earns revenue from overseas licensing of technology and revenue from product exports. In addition to closely monitoring exchange rate fluctuations, the Company also takes exchange rate risk into account when signing contracts with customers and suppliers in different countries. As a result, foreign exchange gains (losses) for 2023 and 2024 were NT\$5 thousand and NT\$1,436 thousand, respectively, accounting for 0.05% and 1.01% of operating revenue. Exchange rate fluctuations had no material impact on the Company's profit or loss. In addition, to mitigate the impact of exchange rate fluctuations on the Company's financial results, the Company will continuously gather foreign exchange information and monitor trends and movements of major international currencies. By maintaining strong relationships with banks, the Company aims to gain access to more comprehensive foreign exchange information and obtain better exchange rate quotes, thereby reducing the risk associated with exchange rate volatility.

## 3. Impact of inflation

Under the government's policy of stabilizing the financial market order and maintaining stable prices, there has been no significant deterioration in inflation recently. In the most recent year and up to the date of publication of the annual report, inflation had no significant impact on the Company's profit or loss. In the future, the Company will closely monitor changes in the price index and maintain good interactive relationships with suppliers and customers, and adjust product prices in a timely manner to reflect rising costs and reduce the impact of inflation on the Company's operating profits.

(II) Policies for high-risk, high-leverage investments, lending of funds to others, endorsements and guarantees, and derivatives trading, the main reasons for profits or losses, and future response measures:

1. The Company focuses on its core business and does not engage in high-risk, high-leverage investments, loaning funds to others, endorsements and guarantees, or derivative commodity transactions. Therefore, there are no significant risks to the Company's operations.
2. In the event that the Company needs to provide endorsements/guarantees for others, lending of funds to others, or trading derivative financial products in the future due to business development or risk hedging needs, it will follow the “Operational Procedures for Loaning of Funds to Others”, “Operational Procedures for Endorsements/Guarantees” and “Procedures for Acquisition or Disposal of Assets” established by the Company, and will also announce the relevant transaction information in accordance with laws and regulations.

(III) Future R&D plans and estimated R&D expenses:

1. Future R&D plans:

The Company's R&D team has improved and refined the existing nebulizer technology, and considering the needs of various types of drugs and patient treatment scenarios, the Company has actively invested in the research and development of several innovative technologies:

(1) Micro synchronized delivery technology, MSDT)

(2) Breath-actuated function

(3) Bluetooth connection

(4) High-efficiency drive circuit

(5) Medium-to-long-term plan: In line with the existing business model, the Company will design solutions to meet the needs of current and potential pharmaceutical clients and various international markets. These efforts include pre-filled drug chamber design, drug locking mechanisms (lock-and-key function), optimization of nebulization modules, and automation and capacity expansion of production lines.

2. Estimated R&D expenses:

The Company estimates that the R&D expenditure for 2025 is NT\$69,685 thousand. The future R&D expenditure will be gradually compiled based on the progress of new product and technology development and will maintain a certain proportion depending on the operating conditions to ensure the Company's competitive advantage.

(IV) The impact of major domestic and international policy and legal changes on the Company's financial operations and the corresponding measures:

In addition to conducting its daily operations in compliance with relevant domestic and international laws and regulations, the Company also closely monitors policy trends and regulatory changes at home and abroad to stay well-informed and responsive to shifts in the market environment. There have been no significant impacts on the Company's financial or business operations due to changes in domestic or international policies and laws during the most recent fiscal year and up to the date of publication of the annual report.

(V) The impact of technological changes (including information security risks) and industry changes on the Company's financial operations and the corresponding measures:

The Company's R&D team has developed strong capabilities in the development of medical nebulizer products. In addition to actively pursuing innovative medical device technologies, the Company has also applied for patent protection to safeguard its R&D achievements from infringement. An information technology department has been established along with an internal control system for information management to ensure the confidentiality, integrity, and availability of the Company's information assets in compliance with relevant regulations. The Company enforces strict information security management to address the impacts of technological changes (including information security risks) and industry shifts. In the most recent year and up to the date of publication of the prospectus, the Company has not experienced any significant impact on its financial operations due to technological changes (including information security risks) and industry changes.

(VI) The impact of corporate image changes on corporate crisis management and response measures:

Since its establishment, the Company has focused on its core business operations, worked hard to maintain its corporate image, continuously strengthened its internal management, complied with laws and regulations, and planned to enter the capital market to attract more talented individuals to serve the Company and strengthen the management team. In the most recent year and up to the date of publication of the annual report, the Company has not experienced any corporate crisis due to changes in its corporate image.



(VII) Expected benefits, possible risks and response measures of mergers and acquisitions:

The Company has no other merger and acquisition plans in the most recent year and up to the date of publication of the annual report. However, if there are merger and acquisition plans in the future, the Company will carefully evaluate and consider the specific benefits of the plans in accordance with the Company's "Procedures for Acquisition or Disposal of Assets" and relevant laws and regulations to protect the interests of the Company and shareholders' equity.

(VIII) Expected benefits, possible risks and response measures of factory expansion:

The Company has had no plans to expand its factory in recent years and up to the date of publication of the annual report.

(IX) Risks and response measures for concentrated purchases or sales:

1. Risk of concentrated purchases:

(1) Control the sources of major raw materials: The Company has been engaged in this business for a long time, and its control of upstream raw materials is sufficient to support the Company's long-term development. It has also established long-term cooperative relationships with relevant major manufacturers to stabilize the source of materials.

(2) Diversification of suppliers: The Company purchases raw materials from different suppliers as much as possible to diversify the source of materials, pays attention to the changing trend of raw material market supply at all times, and actively develops multiple suppliers to reduce the risk of concentrated purchases.

2. Risk of concentrated sales:

The Company has established long-term relationships with major customers through customized technology platforms, with the goal of jointly developing multiple projects or large projects, which are in line with the interests of both parties and promote development efficiency. The Company has gradually developed stable customers and is still continuing to cooperate and establish deep relationships with customers to balance the sales proportion of individual customers. In the future, the Company will continue to develop customers to reduce the risk of concentrated sales.

(X) The impact, risks and response measures of large-scale transfer or replacement of equity by directors, supervisors or major shareholders holding more than 10% of the shares in the Company:

In the most recent year and up to the date of publication of the annual report, there was no significant impact on the operations of the Company due to any large-scale transfer or change of shares by the Company's directors and major shareholders holding more than 10% of the shares.

(XI) Impacts, risks and response measures of changes in management rights on the Company:

In the most recent year and up to the date of publication of the annual report, there has been no change in the Company's management rights.

(XII) Litigation or non-litigation events

1. The Company shall disclose the facts in dispute, the subject amount, the commencement date of the litigation, the main parties involved in the litigation, and the current status of the litigation, non-litigation or administrative disputes that have been decided or are currently under investigation in the most recent year and as of the publication date of the annual report, if the results may have a significant impact on shareholders' equity or price of securities: None.
2. Directors, supervisors, general managers, substantial persons in charge, major shareholders holding more than 10% of the shares, and subsidiaries of the Company, litigation, non-litigation, or administrative disputes that have been decided or are currently under investigation in the most recent year and as of the date of publication of the annual report, the results of which may have a significant impact on the Company's shareholders' equity or price of securities: None.

(XIII) Other important risks and response measures

1. Risks of failure to successfully develop R&D products and delays in development, and the corresponding measures taken

The Company operates in the high-end medical device R&D and manufacturing industry. Given the lengthy development timelines for innovative medical devices, the high regulatory approval thresholds, and intense competition from major international brands, the Company conducts rigorous evaluations prior to initiating product development. These include assessments of market size, competitor analysis, and intellectual property feasibility, among other considerations. During each stage of

development, the Company continuously evaluates product competitiveness and feasibility, closely monitors regulatory updates across different countries, and maintains strong collaborations with professional regulatory agencies and experts to stay informed of the latest developments in medical device regulations. This approach helps enhance the probability of product success while reducing the risk of failure.

2. Risk of sales not going as expected or not being able to authorize others

The Company adopts a licensing model based on individual diseases and individual drugs; in other words, as long as the applicable disease or drug differs, the Company may license its product to different pharmaceutical companies for use in distinct therapeutic areas. Through a multi-licensing business model, the Company can broaden its licensing targets and market scope, thereby mitigating the risk of being unable to license products in specific markets. Furthermore, for combination products co-developed with pharmaceutical companies, regulatory approvals are jointly linked and tied to both parties' products. To minimize risk, pharmaceutical partners typically enter into cooperation agreements that include multi-year guaranteed purchase quantities. This not only strengthens the Company's collaboration with its pharmaceutical partners but also helps reduce uncertainty in future sales.

3. As for the risk of insufficient working capital, the adequacy of working capital should be evaluated, including its ability to support the R&D timeline and the corresponding response measures that have been implemented

The sources of funds required at each stage of the R&D process are determined based on strategic considerations, and the timing of external licensing is considered, and institutional funds are introduced through the issuance of securities to disperse the pressure of funding demand. If the funds are not available in time, the Company will prioritize the existing R&D projects and invest in projects with a higher success rate first, defer other development costs, and use the revenue from developing effective products to support subsequent R&D, thus guiding the positive cash flow cycle.

4. Disclose the restrictive clauses in technology licensing contracts or outsourcing contracts, the risks and corresponding measures

The joint development and sales agreements signed between the Company and pharmaceutical clients restrict the Company from using customized products developed

under such agreements for any purpose other than for the specified disease indications designated by the respective pharmaceutical client. Although this measure limits the Company from licensing the same product for multiple disease indications and prohibits the re-licensing of the customized product to other pharmaceutical companies, the Company's R&D team has extensive experience in the medical device development, offers a high degree of customization, and maintains great flexibility in its collaboration with pharmaceutical clients. Therefore, the licensing of one customized product does not prevent the Company from developing and licensing other devices to subsequent pharmaceutical clients. The Company has the ability to design a nebulizer suitable for the next pharmaceutical customer based on different factors such as drug characteristics, market attributes, cost control, etc., and will also apply for appropriate patents on the jointly developed product to protect the drug-device combination products.

VII. Other important matters: None.

## **Six. Special Notes**

### **I. Information on affiliates**

In 2024, the companies included in the preparation of the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included under IFRS 10 “Consolidated Financial Statements” as endorsed by the Financial Supervisory Commission. Since the disclosures required in the consolidated financial statements of affiliates are already presented in the aforementioned parent-subsidary consolidated financial statements, the Company is not required to prepare a separate consolidated financial statement for affiliates.

II. Private placement of securities in the most recent year and up to the date of publication of the annual report: None.

III. Other supplementary information: None.

**Seven. Any event that has a significant impact on shareholders' equity or securities prices as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that occurred in the most recent year and up to the date of publication of the annual report shall also be stated item by item: None.**



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