

Stock Code: 4138



DYNAMIC MEDICAL TECHNOLOGIES INC.

# **Handbook for the 2022 Annual Meeting of Shareholders**

Date: June 17, 2022

Location: No. 168, Minzu Rd., Banqiao Dist., New Taipei City,  
Taiwan (R.O.C.)

(Note to Readers: If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.)

## **Table of Content**

<b>I. Meeting Procedure</b> .....	2
<b>II. Annual Shareholders Meeting Agenda Schedule</b> .....	3
<b>III. Agenda of Annual Meeting of Shareholders</b> .....	4
1. Call the meeting to order.....	4
2. Chairperson remarks .....	4
3. Company reports .....	4
4. Proposals .....	5
5. Discussions.....	6
6. Questions and motions.....	7
7. Adjournment.....	7
<b>IV. Appendices</b> .....	8
<b>Appendix 1: Rules of Procedure for Shareholders Meeting</b> .....	8
<b>Appendix 2: Article of Incorporation</b> .....	14
<b>Appendix 3: Annual Business Report</b> .....	21
<b>Appendix 4: Audit Committee’s Review Report</b> .....	28
<b>Appendix 5: Financial Report</b> .....	29
<b>Appendix 6: Comparison Table of Amendment to the Articles of     Incorporation</b> .....	45
<b>Appendix 7: Comparison Table of the Operational Procedures for     Acquisition or Disposal of Assets Before and After     Revision</b> .....	46
<b>Appendix 8: Comparison Table of Amendments to the Regulations     Endorsements and Guarantees Before and After Revision</b> .....	50
<b>Appendix 9: Comparison Table of Amendments to the “Procedures for     Election of Directors” Before and After Revision</b> .....	51
<b>Appendix 10: The Prohibition on Managers from Participation in     Competitive Business</b> .....	52
<b>Appendix 11: The Shareholdings situation of Directors</b> .....	53

# **I. Meeting Procedure**

1. Call the meeting to order
2. Chairperson remarks
3. Company reports
4. Proposals
5. Discussion
6. Questions and motions
7. Adjournment

## **II. Annual Shareholders Meeting Agenda Schedule**

**Time:** 9:00 AM on June 17(Friday), 2022

**Place:** No. 168, Minzu Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)

1. Call the meeting to Order
2. Chairperson remarks
3. Company reports
  - (1) 2021 Business Report and 2022 Business Plan.
  - (2) 2021 Audit Committee's Review Report.
  - (3) Report on the Endorsement and Guarantee Status.
  - (4) 2021 Distribution report of employee compensation and director remuneration.
  - (5) Report on 2021 Cash Dividends.
4. Proposals
  - (1) 2021 Business Report and Financial Statements.
  - (2) 2021 Earnings Distribution Proposal.
5. Discussion
  - (1) Amend the Articles of Incorporation.
  - (2) Amend the Regulations Governing the Acquisition and Disposal of Assets.
  - (3) Amend the Regulations Endorsements and Guarantees.
  - (4) Amend the Procedures for Election of Directors.
  - (5) Release the Prohibition on Directors from Participation in Competitive Business.
6. Questions and motions
7. Adjournment

### III. Agenda of Annual Meeting of Shareholders

#### 1. Call the meeting to order

(Report for attendance status of shareholdings)

#### 2. Chairperson remarks

#### 3. Company reports

- (1) 2021 Business Report and 2022 Business Plan: Please refer to Appendix 3 of “Annual Business Report”(P21)
- (2) 2021 Audit Committee’s Review Report: Please refer to Appendix 4 of ”Audit Committee’s Review Report” (P28)
- (3) Report on the Endorsement and Guarantee Status:

Explanation:

1. The Company adopts the upper limit of 50% of net value of the financial report in the most recent year that have been audited and examined by CPA in the most recent year. The net value on December 31, 2021 was 1,284,042 thousand NTD, and its subsidiary company, EXCELSIOR BEAUTY Co., Ltd.’s net value was 356,535 thousand NTD on December 31, 2021.
2. The Company’s total amount of endorsement guarantee to a single enterprise is not over the upper limit of 20% of net value as mentioned above.
3. The endorsed parties of the Company up to December 31, 2021 are listed as follows:

Unit: NT\$ Thousand

Parent company or subsidiary	Name of company as endorsers	Endorsed Party	Relationship with the (Note)	The Limited amount of Endorsement to a single enterprise	Balance of the maximum of Endorsement amount in current year.	Balance of Endorsement Amount at the end of the year	Actual disbursement amount	Ratio for Accumulated endorsement amount to the net value of financial report in the most recent year.	Upper limit of Endorsement amount
Parent	DYNAMIC MEDICAL TECHNOLOGIES INC.	Dynamic Medical Technologies (Hong Kong) Limited	2	256,808	54,682	-	-	-	645,021
Subsidiary	EXCELSIOR BEAUTY CO., LTD.	DYNAMIC MEDICAL TECHNOLOGIES INC.	3	71,307	500	100	-	0.03%	178,268

Note: The relationship between endorser and endorsed party is indicated as follows: 1. Business relationship between the parties. 2. A company directly and indirectly holds more than 50 percent of the voting shares. 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the company. 4. The company holds, directly and indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other. 5. The company where all capital contributing shareholders make endorsements / guarantees for their jointly invested company in proportion to their shareholding percentages. 6. The company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project. 7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(4) 2021 Distribution report of employee compensation and director remuneration.

Explanation:

1. As adopted by the company's Board of Directors, the Company's 2021 profits in an amount of NTD 6,800,723 shall be distributed to employees as their compensation, whereas in an amount of NTD 5,670,001 shall be distributed to directors as their remuneration.
2. The above plans will be distributed by cash and no difference with recognized expense in 2021.

(5) Report on 2021 Cash Dividends

Explanation:

1. The earnings distribution is allocated from Earnings in 2021 Available for Distribution. Cash dividend of NT\$3.7 per share, NT\$111,000,000 as total amount.
2. The cash dividend shall be the resolution adopted by the Board of Directors. According to the Company Act and Article of Incorporation, authorized chairman will separately determine the ex-dividend base date and process related matters of cash dividend distribution. If repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting. In addition, cash dividend is counted as integer of dollar, decimal shall be deleted.
3. The Company recognized as other revenue due to cash dividend of this time is under 1 NTD.

## 4. Proposals

Brief 1: Adoption of the 2021 Business Report and Financial Statements. **【Proposed by the Board】**

Explanation:

1. Individual financial report and consolidated financial reports for 2021 of the Company have been certified with auditor's report by CPA Tsao-Jen Wu and Wan-Wan Lin, KPMG.
2. Please refer to Appendix 3 (P21) of the Handbook, attached Business Report of the company, and please refer to Appendix 5 (P29) of the Handbook for" 2021 Auditor's report, and Financial statement.
3. Proposes to for approval.

Resolution:

Brief 2: Adoption of the Proposal for Distribution of 2021 Profits.**【Proposed by the Board】**

Explanation:

1. In accordance with the regulations of The Company Act and Article of Association.
2. Retain earning distribution of the Company for 2021 is listed as follows:

DYNAMIC MEDICAL TECHNOLOGIES INC.  
PROFIT DISTRIBUTION TABLE Year 2021

Item	Unit: NT\$ Amount
Beginning retained earnings	\$ 46,348,465
Other comprehensive income, before tax, actuarial gains on defined benefit plans	21,211
Adjustment of retained earnings	46,369,676
Add: net profit after tax	123,205,882
Appropriation item:	
Less: legal reserve	(12,322,709)
Distributable net profit	157,252,849
Distributable items:	
Cash Dividend to shareholders (Note)	(111,000,000)
Unappropriated retained earnings	46,252,849

Note: Cash Dividend NT\$ 3.7 per share.

Chairman: FU, HUI-TUNG    President: WU, KUO-LONG    Chief Accounting: CHIANG, CHIH-HAO

1. Proposes to for approval.

Resolution:

## 5. Discussions

Brief 1: Amendment the Articles of Incorporation. Please proceed to discuss. **【Proposed by the Board】**

Explanation:

1. In consideration of operating needs and complying with the Law.
2. Please refer to Appendix 6 (P45), the Handbook as a Comparison Table of Amendment to the Articles of Incorporation.
3. Proposes to for discussion

Resolution:

Brief 2: Amendment the Regulations Governing the Acquisition and Disposal of Assets. Please proceed to discuss. **【Proposed by the Board】**

Explanation:

1. In consideration of operating needs and complying with the Law.
2. Please refer to Appendix 7 (P46), the Handbook as a Comparison Table of Amendments to the Regulations Governing the Acquisition and Disposal of Assets.
3. Proposes to for discussion

Resolution:

Brief 3: Amend the Regulations Endorsements and Guarantees. Please proceed to discuss. **【Proposed by the Board】**

Explanation:

1. In consideration of operating needs.
2. Please refer to Appendix 8 (P50), the Handbook as a Comparison Table of Amendments to the Regulations Endorsements and Guarantees.
3. Proposes to for discussion

Resolution:

Brief 4: Amendment to Procedures for Election of Directors. Please proceed to discuss **【Proposed by the Board】**

Explanation:

1. Complying with the Law.
2. Please refer to Appendix 9 (P51), the Handbook as a Comparison Table of Amendments to the Procedures for Election of Directors.
3. Proposes to for discussion

Resolution:

Brief 5: Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss **【Proposed by the Board】**

Explanation :

1. According to the regulation , the behavior belongs to the scope of business that directors conduct for his/her own or for others shall explain the major content of the behavior to shareholders' meeting and acquire the approval", Article 209, The Company.
2. Directors of the Company may invest or operate other business that is the same with the scope of business of the Company, it shall propose to be approved by the shareholders' meeting. New directors have the situations as above; the Company agrees to relpse the directors or its representative's obligation of non-competition.
3. For releasing the restriction of non-competition of directors, please refer Appendix 10(P52).
4. Propose to for discussion.

Resolution :

## 6. Questions and motions

## 7. Adjournment



# IV. Appendices

## Appendix 1: Rules of Procedure for Shareholders Meeting

### Rules of Procedure for Shareholders Meetings

July 20, 2021 Revision by Annual Shareholders Meeting

Article 1: The shareholders meeting of the Company shall be in compliance with regulations of the rule unless otherwise other regulations stipulated in ordinances or Article of Association.

Article 2: 1. The shareholders' meeting shall be convened by Board of Directors unless otherwise other regulations of ordinances.

2. The Company shall upload electronic files for a notice of meeting, a form of power of attorney, causes of various proposals such as relevant approved proposal, discussion proposal, election or dismissal of director affairs etc. and relevant illustration materials on Market Observation Post System 30 days prior to an annual shareholders' meeting or 15 days prior to a special shareholder's meeting. Moreover, the Company shall make electronic files of the handbook for agenda and meeting supplementary materials for the shareholders' meeting and upload on Market Observation Post System 21 days before an annual shareholders' meeting or 15 days before special shareholders' meeting. The Company shall prepare agenda handbooks and meeting materials for shareholders' meeting 15 days before the date of meeting for satisfying the request of shareholders any time and display in the Company and agents for stock affairs, and it shall provide in the shareholders' meeting on the spot.
3. The convene cause shall be specified in the notice and announcement and the electronic form can be adopted in the case of agreement of the respondent.
4. The convene causes shall include election or dismissal of directors change of Article of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, company dissolution, merger, division or every item in Paragraph 1, Article 185 of the Company Act & Paragraph 1, Article 26 and Paragraph 6, Article 43 of the Securities and Exchange Act & Paragraph 1, Article 56 and Paragraph 2, Article 60 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers rather than proposing them as extempore motions and the main content shall be explained.
5. If re-election of the Board and the date of appointment thereof are both stated clearly on the reasons for convening a shareholders' meeting, then the date of appointment shall not be changed by extempore motion or other means during the same meeting after the re-election of the Board is completed.
6. Shareholders holding over 1% of total number of outstanding shares may submit the proposal for the annual shareholders' meeting by written form, subject to one item. In the case of over one item of proposal, it shall not regard as proposal. The proposal submitted by shareholders meeting with any item in Paragraph 4, Article 172-1, The Company Act may not be listed in the proposals by Board of Directors. A shareholder proposal for urging a company to promote public interests or fulfill its social responsibilities, subject to one item in the case of over one item of proposal, it shall not regard as proposal.

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

Article 3: Shareholders shall show powers of attorney printed out by the Company at every time of shareholders' meeting and specify the limits of authority to delegate proxies for attending the shareholders' meeting.

One shareholder shall issue one power of attorney and delegate one person only, and shall deliver the power of attorney five days prior to the date of shareholders' meeting. Once powers of attorney are duplicated, the earliest one shall govern, not to subject to the case that making a statement of revocation of previous delegation. Upon arrival of powers of attorney, shareholders intend to attend in person or execute voting rights by written or electronic form, it shall send written notices. Once the revocation is overdue, the proxies delegated executing voting rights shall govern.

Article 4: The location of shareholders' meeting may be the site of the Company or the place where is convenient for shareholders' attendances, the start time of the meeting shall not earlier than 9:00 AM or later than 3:00PM, the location and time of the meeting shall take into account of the opinion of independent director fully.

Article 5: The Company shall specifies the reception of shareholders' check in time, location of checking counter and other noticeable events on the meeting notice.

The reception of checking time for shareholders shall be 30 minutes before the time of meeting and the location of checking counter shall be indicated concisely with sufficient and qualified staffs for service.

The shareholder or the proxy for the shareholder (Hereinafter referred to as "shareholders") may bring attendance certificate, attendance check in card or other attending certificates for attending the shareholders' meeting. The solicitor with proxy solicitation shall show identification certification for examination.

The Company shall set up an autograph book for attending shareholders to check in or attending shareholders shall hand in attendance card as checking in.

The Company shall hand over the agenda handbook, annual business report, attendance certificate, speech note, vote and other meeting materials to attending shareholders. For the meeting to hold the election of directors it shall attach with electoral vote.

When a shareholder is the government or legal person, its proxy to attend the shareholders' meeting is not limited one person. If the legal person attends the shareholders' meeting acting on behalf of another shareholder, it shall designate one person to attend the meeting.

Article 6: In the case that Board of Directors convenes the shareholders' meeting, the chairman shall take charge of the chairperson, if the chairman is on leave or unable to execute

his/her duty due to some reasons, the vice chairman shall act on behalf of the chairman.

In the event that it has no vice chairman or the vice chairman is also on leave or unable to execute the duty due to some reasons, the chairman shall appoint one of executive director as a proxy, if it does not set up the post of executive director, the chairman may appoint one director as a proxy. On the occasion that the chairman does not appoint any proxy, it shall be elected one between executive directors or directors.

The chairperson is surrogated by the executive director or director as the preceding Paragraph, it shall adopt an executive director or director serving over 6 months and understanding the financial status of the Company. For the chairperson is the proxy for an institutional director, it shall handle the same as the foresaid.

For the shareholders' meeting convened by Board of Directors convene, it shall have over a half of attendance of directors.

In the case that other conveners other than members of Board of Directors call the shareholders' meeting, the convener shall take charge of the chairperson. If conveners are above two persons, it may elect one person as the chairperson among/between them.

The Company may delegate attorneys, CPA or other relevant personnel attend the shareholders' meeting without executing voting rights.

Article 7: The Company shall perform recording and video-recording continuously for the whole process of the meeting from reception for checking in, process of the meeting in progress, process of voting and counting votes.

The audio data in the preceding Paragraph shall be preserved for one year. Unless shareholders bring an action pursuant to Article 189, it shall be preserved till the end of the suit.

Article 8: The attendance of shareholders' meeting shall be counted based on shares, and the attending number of shares may be counted according to the autograph book and attendance card combined with the execution of voting right via written or electronic from.

The chairperson shall call the meeting to order at the meeting time as schedule, and at the same time publish the number of non-voting rights and the number of shares attended and other relevant information. , while the attendance does not exceed a half of shareholders with total number of outstanding shares, the chairperson may declare to postpone the time of meeting, subject to 2 times of postponing. The total postponing time shall not surpass 1 hour. In case that the attendance does not exceed one third of shareholders with total number of outstanding shares after postponing two times, the chairperson shall declare to adjourn the meeting.

Before the end of the meeting, in the case that attending shareholders with number of shares over a half of the total number of outstanding shares, the chairperson shall submit for voting again in the shareholders' meeting for tentative resolutions according to Article 74, The Company Act.

Article 9: In the case that Board of Directors convenes the shareholders' meeting, the agenda shall be stipulated by Board of Directors. Relevant proposals (including extempore motion and the amendment to original agenda) shall be passed on a one agenda by one agenda basis. The meeting shall be conducted according to the arranged agenda and not be changed without resolution of the shareholders' meeting.

The shareholders' meeting is convened by other conveners other than Board of Directors, it shall apply the regulation of the preceding Paragraph.

The chairperson shall not declare adjournment without resolution before the end of the preceding two arranged agenda (extempore motion included). Once the chairperson violates the rule of agenda and declares the adjournment, other members of Board of Directors shall rapidly assist attending shareholders to elect one of them to take charge of the chairperson position according to the legal procedures by over a half of attending shareholders with voting rights and then continue the meeting.

The chairperson shall provide sufficient chances of explanation and discussion toward proposals, and the revisions and extempore motions proposed by shareholders, it may declare to stop the discussion and propose to vote on the occasion that the chairperson regards it is suitable timing for voting, where appropriate voting time shall be arranged.

Article 10: Before making a statement by an attending shareholder, the shareholder shall fill in the gist of statement, account number of shareholder (or attendance number) or account name on a speech note, and the statement order may be determined by the chairperson.

In case that attending shareholders do not make statements but submitting their speech notes, it is deemed to be nonexistence of the statement. Once the content of statement does not meet with the recording on the speech notes, the content of the statement shall govern.

Every shareholder makes statements for the same proposal shall not over two times, unless otherwise acquiring the agreement of the chairperson. Every statement shall not exceed 5 minutes each time, in case those shareholders making statements that violate the regulation or surpass the range of agenda, the chairperson may stop the statement.

When attending shareholders making their statements, other shareholders shall not disturb the statement unless otherwise obtaining an agreement of the chairperson.

On the occasion that someone disturbs others' statements, the chairperson shall stop it.

When institutional shareholders designate above two representatives to attend the shareholders' meeting, only person makes statement for the same proposal.

After the attending shareholders make statements, the chairperson may reply personally or appointed relevant personnel to reply.

Article 11: The voting for shareholders' meeting shall be calculated by shares.

For the resolution in the shareholders' meeting, the share number of shareholders without voting rights shall not be counted in the total number of outstanding shares. When the resolution items in the meeting may be harmful for the interest of the Company as some shareholders are interested parties, these shareholders shall not participate in voting and surrogate executing of other shareholders' voting rights.

The number of share shall not be executed voting rights in preceding Paragraph is not counted in the total votes of attending shareholders.

Except for the trust business or the agent for stock affairs approved by competent agent for securities, on the occasion that one person is surrogated by two shareholders, the proxy voting rights shall not exceed 3% of voting rights for total number of outstanding shares, it shall not count for the exceeding voting rights.

Article 12: Each share has one voting right but not subject to the restriction or shareholders without holding voting right regulated in Paragraph 2, Article 179.

Upon convening shareholders' meeting, the Company should adopt electronic form or written to execute their voting rights; the execution method shall be specified on the notice of shareholders' meeting. Shareholders who execute their voting rights via

written or electronic form are regarded to be attending the shareholders' meeting in person, while the extempore motions or revision of existing proposal in the shareholders' meeting of this time are deemed to be abstained from the voting right. Thus, the Company shall evade proposing extempore motions or revision of existing proposal.

When stockholders execute their voting right by written or electronic form in the preceding paragraph, the expression of intention shall be delivered to the Company two days prior to the date of shareholders' meeting. In the event of duplicate expressions of intention, the first delivered one shall be adopted, not subject to the statement of revocation submitting for the previous expression of intention.

After shareholders executing voting rights by written or electronic form, if shareholders intend to attend in the shareholders' meeting in person, the expression of intention on execution of voting right shall be revoked as same as execution of voting right two days prior to the date of shareholders' meeting. Once the revocation is overdue, it still executes the voting right by written or electronic form. In the case that shareholders execute voting rights by written or electronic form and surrogate proxies to attend shareholders' meeting with powers of attorney, the voting rights executed by the proxies are taking effect.

Except for other regulations in The Company Act and Article of Association for the Company, voting for proposals shall be passed the agreement by over a half of attending shareholders with voting rights. Upon voting, it may regard as passed with no objection submitted after seeking the opinion by the chairperson, the effect is the same as voting rights. Otherwise, after the chairperson or the appointed person announce the total voting rights of attending shareholders for each proposal, and then shareholders conduct voting for each proposal. Further, the Company shall disclose the situation of agreement, objection or abstention on Market Observatory Post System on the current day of shareholders' meeting held.

On the occasion that it has revision or alternative proposal, the chairperson shall determine the voting sequence together with the original proposal. Once one of proposals has been approved, the other relevant proposals are regarded as veto, unnecessary to be voted again.

Scrutineer and votecounter for voting proposals are appointed by the chairperson, subject to the scrutinizers with identifications of shareholders.

The vote counting work for voting and electoral proposals in shareholders' shall be conducted in a public place and the voting result shall be declared on the Spot including statistic weight and preparing records.

Article 13: When shareholders' meeting holds elections of directors, it shall be in accordance with the election rule of the Company. The result of election shall be declared on the spot, including the name list and electoral vote count for elected directors.

The foresaid electoral votes for the election event shall be reserved and sealed properly with the signature of ballot examiner for at least one year of preservation. In case that a shareholder prosecutes an action according to Article 189, The Company Act, it shall be preserved till the end of the suit.

Article 14: The resolution items in shareholders' meeting shall be produced to be the proceeding, with signature or seal of the chairperson and distribute to each shareholder within 20 days after the meeting. The preparation and distribution of the proceeding may be made in electronic form.

The distribution of the aforementioned proceeding may be announced through Market Observatory Post System.

The holding date/month/year, location, the name of the chairperson, resolution method, overview of agenda process and the results of voting (including the statistical tallies of the numbers of votes), tallies of the numbers of votes for each candidate of director if an election is held shall be record on the proceeding and reserved permanently during the period of existence of the Company.

Article 15:For the number of shares solicited by solicitors and the number of shares surrogated by proxies, the Company shall prepare statistic tables by regulated format and disclose concisely the tables at the venue on the opening date of shareholders' meeting.

In the case that the resolution items in shareholders' meeting are in line with the regulation of relevant ordinances and the significant message regulated by Taiwan Stock Exchange Corporation or Taipei Exchange, the Company shall upload the content on Market Observatory Post System.

Article 16:Staff for serving shareholders' meeting shall wear identification card or arm-badge. The chairperson shall direct picketers or security guards for assisting to maintain the order of venue. Picketers and security guards shall wear the arm-badge or identification card printed with the word of "Picketer".

On the occasion that audio amplifiers are equipped on venue, when a shareholder makes a statement through the equipment that is not allocated by the Company, the chairperson shall stop it.

When shareholders violate the rule of agenda without obeying the correction of the chairperson, where impeding the process of the meeting and ignoring the stopping instruction, the chairperson may direct the picketer or security guard to communicate with the shareholder to leave the venue.

Article 17:Chairperson may announce to take a break under processing of the meeting. In the event of any force majeure incurring, chairperson may rule to suspend the meeting and announce the time to continue the meeting depends on situations.

When the location of the meeting cannot be used before the end of the proceeding (including the stage of questions and motions) on the agenda arranged in the shareholders' meeting.

Shareholders may resolve to postpone or continue the meeting within coming 5 days.

Article 18:The Rule is implemented upon the resolution of shareholders' meeting and handling method is the same as in the case of revision on articles.

## **Appendix 2: Article of Incorporation**

### **Article of Incorporation of DYNAMIC MEDICAL TECHNOLOGIES INC.**

Revised by Annual shareholders' meeting on June 16, 2020  
Chapter 1 General Principles

Article 1: The Company is named as DYNAMIC MEDICAL TECHNOLOGIES INC, which is organized in accordance with the regulation of company limited by share in The Company Act.

Article 2: Business items of the Company are shown as follows.

1. F113030 Wholesale of Precision Instruments
2. F108040 Wholesale of Cosmetics
3. F208040 Retail Sale of Cosmetics
4. F108031 Wholesale of Drugs, Medical Goods
5. F208031 Retail sale of Medical Equipment
6. F113990 Wholesale of Other Machinery and Equipment
7. F213990 Retail Sale of Other Machinery and Equipment
8. JE01010 Rental and Leasing Business
9. I102010 Investment Consultancy.
10. I103060 Management Consulting Services
11. I199990 Other Consultancy
12. F102170 Wholesale of Food and Grocery
13. F203010 Retail sale of Food and Grocery.
14. F110020 Wholesale of Spectacles
15. F210020 Retail Sale of Spectacles
16. F113020 Wholesale of Household Appliance
17. F213010 Retail Sale of Household Appliance
18. F213040 Retail Sale of Precision Instruments
19. F113060 Wholesale of Metrological Instruments
20. F213050 Retail Sale of Metrological Instruments
21. F401010 International Trade
22. E601020 Electric Appliance Installation
23. E604010 Machinery Installation Construction
24. EZ05010 Apparatus Installation Construction
25. JA02990 Other Repair Shops
26. F108021 Wholesale of Drugs and Medicines
27. F208021 Retail Sale of Drugs and Medicines
28. F113010 Wholesale of Machinery.

29.F113050	Wholesale of Computing and Business Machinery Equipment
30.I301010	Software Design Services
31.I301020	Data Processing Services
32.I301030	Digital Information Supply Services
33.I401010	General Advertising Services
34.I501010	Product Designing
35.I503010	Landscape and Interior Designing
36.IZ13010	Internet Identify Services
37.JD01010	Industry and Commerce Credit Bureau Services
38.F107200	Wholesale of Chemistry Raw Material
39.F207200	Retail sale of Chemistry Raw Material
40.F109070	Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
41.F209060	Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
42.F401021	Restrained Telecom Radio Frequency Equipments and Materials Import
43.F116010	Wholesale of Photographic Equipment
44.F216010	Retail Sale of Photographic Equipment
45.F213030	Retail sale of Computing and Business Machinery Equipment
46.E605010	Computing Equipments Installation Construction
47.F113070	Wholesale of Telecom Instruments
48.F213060	Retail Sale of Telecom Instruments
49.F118010	Wholesale of Computer Software
50.F218010	Retail Sale of Computer Software
51.ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company shall make an external guarantee due to need of business.

Article 4: When the Company is the shareholders with limited liability for other companies, the total investment amount shall not subject to the restriction of 40% of paid-in capital according to Paragraph 1, Article 13, and The Company Act.

Article 5: The headquarters of the Company is situated in New Taipei City and it may set up subsidiary companies, retail sales, business office or other modes of branch at home and abroad through the resolution of Directors' meeting if necessary.

## Chapter 2 Share

Article 6: The total capital of the Company is 500 million NTD, divided into 50 million shares with per vale of 10 NTD, it authorizes Board of Directors to issue the share separately depends on the necessity of business.

When the Company issues employee stock warrants, new restricted employee shares,



new shares for employees to acquire or repurchases shares and transfers to its employees in accordance with the law, employees entitled to receive share subscription warrant or shares, include the employees of parents or subsidiaries of the company meeting certain specific requirements.

Article 7: Unless otherwise specified that unable to print out in physical form, it shall conduct with registered form and issue after directors' acting on behalf of the company signatures or seals The Company shall combine together to print out shares for the total issuance number for the time upon issuing new stock or may be exempted from printing out of shares, but it shall be preserved or registered through the centralized securities depository enterprise.

Article 8: In case of change of record on Shareholders List, subject to be unable to conduct within 60 days prior to the date of annual shareholders' meeting, 30 days prior to the special shareholders' meeting or 5 days before the base date of determining distribution of stock dividend, bonus and other interests. Any other stock affairs, it shall handle according to "Criteria Governing Handling of Stock Affairs by Public Stock Companies".

Article 8-1: The issuer of the Company for subscription price is not subject to the regulation of employee stock option, Article 53 of "Criteria Governing the Offering and Issuance of Securities by Issuers", but it shall be approved with the attendance of over a half of shareholders with total number of outstanding shares and agreement of two-thirds of attending shareholders with voting rights. It shall be reported and handled separately within one year after the resolution in the shareholders' meeting.

Article 8-2: The Company may transfer to employees at the price lower than the average price of buyback in actual case or the subscription price lower than market value (Net Asset Value of Each Share) for employee stock option corticated, subject to over a half of attendance of shareholders with total number of outstanding shares, and agreement of over two-thirds of attending shareholders with voting rights.

### Chapter 3 Stockholders' Meeting

Article 9: The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened at least once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations. The notice of convening shareholders' meeting shall be made by electronic form upon the agreement of respondent of the notice of the meeting.

Article 9-1: Annual shareholders' meeting shall be convened 30 days prior to date of the meeting and 15 days prior to date of special shareholders' meeting. The date, location and cause of convening shall be informed to every shareholder and make announcement.

After the respondents' agreement, the notice of convening shareholders shall be made by electronic form.

For shareholders holding under 1000 registered shares for the notice of convening in the preceding paragraph, it may be made by announcement.

Article 9-2: Shareholders holding over 1% of total number of outstanding shares may propose proposal for annual shareholders' meeting and the procedure shall be handled according to the regulation of Article 172-1, The Company Act.

The convening of regular shareholders' meeting shall be conducted according to the regulations of The Company Act.

Article 10: On the occasion that shareholders is unable to attend shareholders' meeting, a shareholder may delegate a deputy for attendance accords to the regulations of Article 177, The Company Act, and "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 1, Article 25-1 Securities and Exchange Act.

Article 11: Unless otherwise other restrictions or non-voting right specified in Paragraph 2, Article 179, The Company Act, every share holds one voting right for shareholders of the Company.

Article 11-1: When the Company plans to revote public offering, it shall be conducted after submitting in shareholders' meeting for resolution and no change is permissible during the public, listing or emerging period.

Article 12: Unless otherwise specified in The Company Act, for the resolution of shareholders' meeting, it shall be made by the attendance with over a half of the shareholders' attendance and the agreement of over a half of attending shareholders.

Article 13: The resolution events of shareholders' meeting shall be recorded on the proceeding and then signed or sealed by the chairperson and dispatched the proceeding to each shareholder within 20 days after the meeting. The manufacturing and distribution of the proceeding shall be made in electronic form or the dispatch of the previous meeting; it shall be performed through announcement, sign-in book for attending Shareholders and shall according to Article 183, The Company Act. The proceeding, and sign-in book and power of attorneys of acting on behalf of other director's attendance shall be kept in the Company. For shareholders holding under 1000 registered shares, it may be informed by announcement.

## Chapter 4 Directors and Managers

Article 14: The Company shall set up Directors for 7-9 persons with tenure of three years and the shareholders' meeting shall elect a person with behavioral competence and reappointment may occur upon reelected. The number of directors shall reach an agreement in directors' meeting.

Article 14-1: According to Article 14-2 and Article 183, Securities and Exchange Act, the Company shall set up independent directors no lower than 2 persons and no lower than one-fifth of total number of directors. It adopts the system to be nominated by candidate and then to be elected from shareholders holding over 1% of total number of outstanding shares. The Board of Directors shall propose the list of independent directors meeting with the qualification of independent directors and propose in shareholders' meeting. Shareholders shall elect from the list of candidates of independent directors. It shall be handled according to the regulations for professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events in The Company Act and Securities and Exchange Act.

Article 14-2: The Company shall set up Audit Committee according to the regulation of Article 14-4, Securities and Exchange Act. The Audit Committee shall take charge of implement the duties regulated about supervisor in the regulations of The Company Act, Securities and Exchange Act and other laws.

The Audit Committee shall comprise of the whole member of independent director, no less than three persons, and one of them is the convener and one of them shall be equipped with professional proficiency of accounting or finance.

The resolution of Audit Committee shall reach an agreement that exceeds a half of whole members.

Article 15: The Board of Directors shall be organized by the Directors. One of the Directors shall be elected as the Chairman of the Board in a board meeting where two thirds or more of the Directors are present, and the consent is obtained from half or more of the Directors present. A Vice Chairman may also be elected among the Directors to assist the Chairman. Internally the Chairman of the Board acts as the chairman of shareholders' meetings and board meetings, and externally represents the Company.

Article 15-1: Directors' meeting shall be convened by informing every director and independent director seven days prior to the meeting date. In the event of emergency, it may convene at any time.

The convening of the preceding paragraph may be made at any time by written mail, facsimiles, and E-mail etc.

Article 16: Unless otherwise specified in other regulations in The Company Act or Article of Association, it shall be made a resolution by directors' meeting with over a half of directors' attendances and over a half of the agreement of attending Directors.

The proceedings of Directors' meeting shall be recorded on the proceeding of directors' meeting and then issued to every director within 20 days after the meeting. The manufacturing and distribution of the proceeding of directors' meeting shall be made in written, e-mail or facsimile form.

Article 17: In the event of asking for leave or unable to execute his/her authority, the Chairman of

the Board shall designate a Director to be deputed. Directors may elect one of them in case of no designation hereof.

When holding video conference, the director may be regarded as attending in person for the case that director attending the video conference. The directors may issue a power of attorney on the occasion that it is unable to attend the directors' meeting to delegate other Director for acting on behalf of the director to attend the meeting. However, the deputy is subjected to be delegated by one person.

Article 18: Remuneration Committee shall audit salary, remuneration and transportation allowance and remuneration and authorize Board of Directors to determine them according to the participation in operating degree and value of contribution of the director based on reference of the industrial compensation level.

Article 19: The Company shall set up managers, the appointment, dismissal, and remuneration will be reached a resolution over a half of whole directors' attendance and agreement of over a half of attending directors.

## Chapter 5 Accounting

Article 20: The fiscal year of The Company begins on January 1 and ends on December 31 every year.

Article 21: Board of Directors shall prepare the following financial reports: 1. Annual Business Report 2. Financial Report 3. Proposal for Appointment of Profit or Loss. The Company shall hand over these reports to Audit Committee for auditing, and passed by directors' meeting, and propose in the annual shareholders' meeting for admission.

Article 22: The Company shall make appropriations for employee bonus and remuneration to director and supervisor according to the proportion as below on the occasion of making profit in a year. It shall make appropriations not lower than 1% for employee bonus and not higher than 5% for remuneration for director. However, it shall preserve amount for cover the deficit and then make appropriations to employee bonuses and remunerations to Directors.

The employee bonus in the preceding Paragraph can be paid by stock or cash. The distributed targets shall include the employee of its affiliate meeting with the conditions stipulated by Board of Directors, including the employees of parents or subsidiaries of the company meeting certain specific requirements, while the remuneration to director in the preceding paragraph shall be only paid by cash.

The two events in preceding paragraph shall be approved as the resolution in directors' meeting and report in the shareholders' meeting.

Article 22-1: After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit, where such legal reserve amounts to the total paid-in capital, this provision shall not apply, and it may make a provision or reverse to special reserve

for the surplus in accordance with operational needs or laws or regulations from competent agencies. In the event of undistributed earnings of current year, it shall combine with accumulated undistributed earnings to apply for formulating earning distribution proposal to Board of Directors and propose it in the shareholders' meeting for distribution of dividends to shareholders.

The dividend policy of The Company shall conform to the development plans currently and in the future, and consider the investment environment, capital demand and domestic and international competitive conditions in addition to considering of stockholders' interest. The Company shall make an appropriation of not lower than 20% of distributable earnings cumulated each year as dividend bonus for shareholders; it may adopt cash or stock for distribution of dividends to shareholders, and the cash dividend is subjected to not lower than 20% of stock dividends. Unless otherwise it has significant capital expenditure plan in the future, the Company may distribute stock dividend after obtaining the agreement of shareholders' meeting.

## Chapter 6 Supplementary Articles

Article 23:For the events not stipulated in The Article, it complies with the regulations of The Company Act.

Article 24:The Article of Association has stipulated since September 18, 1993.

1st Revision on February 3, 2004

2nd Revision on June 21, 2004

3rd Revision on July 16, 2004

4th Revision on November 9, 2004

5th Revision on May 10, 2005

6th Revision on June 5, 2006

7th Revision on June 11, 1998

8th Revision on June 10, 2009

9th Revision on November 2, 2009

10th Revision on December 9, 2010

11th Revision on May 2, 2011

12th Revision on June 15, 2012

13rd Revision on June 18, 2014

14nd Revision on June 7, 2016

15nd Revision on June 14, 2018

16nd Revision on June 12, 2019

17nd Revision on June 16, 2020

## Appendix 3: Annual Business Report

### Business Report

According to Medical Insight's 2021 Asia-Pacific Aesthetic Market Study, total Asia-Pacific sales of all aesthetic products reached nearly \$2.9 billion in 2019 and are expected to increase by 9.6% annual growth rate from 2020 to 2024. APAC sales of energy-based devices are expected to rise by 7.1% per year through 2024. The CAGR for body shaping / skin tightening devices are estimated to be higher at 10.9%, and the CAGR for facial injectables is expected to be approximately 10%.

Aesthetic medical treatment is more accepted among the younger generation in the last decade. The overall growth of APAC aesthetic market is robust. Thanks to the popularity and transparency of aesthetic medical information, consumer awareness is rising, and the consumer is no longer pursuing a low-cost treatment. “Safety” and “Efficacy” are more valued and in line with the core spirit of the Company which insists to only adhere to the most competitive and safe high-standard medical products in the international market.

The energy-based devices represented by the Company, have built great reputation in pigmentation removal, pore size reduction and vascular lesions removal market and are well recognized by the medical field and the consumers. Their sales performance has continued to grow as well.

Among the body shaping devices represented by the Company, the 10th generation “LPG” from France, and cryoadipolysis device, “Cooltech” from Spain are beloved by clinics and consumers since people pay more attention on health and body shape in the post pandemic era.

Among the facial injectables represented by the Company, the collagen stimulator “AestheFill” from a Korean company, Regen Biotech was launched in Q2 of 2020. The product successfully caught the market’s attention upon launch, and has led the growth of overall sales performance of facial injectables of the Company. As for Hyaluronic Acid injectables, the Company has two brands, particle form Hyaluronic Acid “Hya-Dermis” and gel form Hyaluronic Acid “Animers” which can meet consumers’ demand of “long -lasting” and “natural and smooth” separately.

Looking forward to 2022, the Company will continue developing new competitive product lines and expanding its business scope.

The following is a report on the Company's 2021 operating results and 2022 business plan:

1. Report on the 2021 Operating Results

(1) Achievements of business plan implementation:

A. Dynamic Medical's Consolidated Statements of Comprehensive Income

Unit: NT\$ Thousand

Item	2021	2020	Increase / Decrease Ratio
Operating Revenue	1,028,183	1,009,308	2%
Gross Profit	354,582	318,042	11%
Operating Expense	194,164	177,194	10%
Profit from Operations	160,418	140,848	14%
Non-Operating Income and Expenses	13,403	7,842	71%
Pre-tax Income	173,821	148,690	17%
Income Tax	32,132	32,048	0%
Net Income	141,689	116,642	21%
Other comprehensive income (loss) for the year	-25,111	-7,023	258%
Total Comprehensive Income for the year	116,578	109,619	6%
Net Income for the year attributable to Parent company	123,206	115,995	6%
Total Comprehensive Income for the year attributable to Parent company	98,112	109,720	-11%
Basic EPS	4.11	3.87	6%

- (a) Operating Revenues increased comparing to last year mainly due to the growth of lifestyle beauty products and treatment services.
- (b) Gross Profit increased comparing to last year mainly due to the growth of lifestyle beauty products and treatment services, optimizing the portfolio of products.
- (c) Operating income increased comparing to last year mainly due to the growth of lifestyle beauty products and treatment services, optimizing the portfolio of products.
- (d) Non-Operating Income and Expenses increased comparing to last year mainly due to the government provided an economic relief package of Covid-19.
- (e) Other comprehensive loss for the year decreased mainly because unrealized appreciation from investments in equity instruments measured at fair value decreased

B. Dynamic Medical's Individual Statements of Comprehensive Income

Unit: NT\$ Thousand

Item	2021	2020	Increase / Decrease Ratio
Operating Revenue	764,638	797,276	-4%
Gross Profit	248,630	245,032	1%
Operating Expense	128,460	120,471	7%
Profit from Operations	120,170	124,561	-4%
Non-Operating Income and Expenses	31,232	19,385	61%
Pre-tax Income	151,402	143,946	5%
Income Tax	28,196	27,951	1%
Net Income	123,206	115,995	6%
Other comprehensive income (loss) for the year	-25,094	-6,275	300%
Total Comprehensive Income for the year	98,112	109,720	-11%
Basic EPS	4.11	3.87	6%

- (a) Operating Revenue decreased comparing to 2020 mainly due to the impact of COVID 19 pandemic on customers' consumption willingness. Since Covid-19 was under control and the business operation was gradually stabilized.
- (b) Gross Profit increased comparing to 2020 mainly due to optimizing the portfolio of products.
- (c) Operating income decreased comparing to 2020 mainly due to depreciation expense of the new exhibit machine and marketing expense of new goods increased.
- (d) Non-Operating Income and Expenses increased comparing to 2020 mainly due to the increase in profit of associates using equity method.
- (e) Other comprehensive profit and loss decreased compared to 2020. It was mainly because the investment in equity instruments measured by fair value has decreased the evaluation benefits.

C. Implementation Status of Budget: Not applicable as the Company did not prepare financial forecasting.



## (2) Financial Receipts and Expenditures

### A. Dynamic Medical's Consolidated Statements of Cash Flow:

Unit: NT\$ Thousand

Item	2021	Explanation
Cash at the Beginning of the year	784,901	The balance of closing account in 2020
Net cash generated from operating activities	277,645	Primarily comes from the increase of operating income.
Net cash used in investing activities	-92,419	Primarily comes from the dispose of current financial assets at amortized cost and the increase of Property, plant and equipment.
Net cash used in financing activities	-148,680	Mainly comes from the distribution of cash dividend.
Change of Exchange Rate	-8,076	The impact of change in exchange rate to cash and cash equivalents
Cash at the End of the year	813,371	The balance of closing account in 2021.

### B. Dynamic Medical's Individual Statements of Cash Flow:

Unit: NT\$ Thousand

Item	2021	Explanation
Cash at the Beginning of the year	552,059	The balance of closing account in 2020
Net cash used in operating activities	166,341	Primarily comes from the increase of operating income.
Net cash generated from investing activities	-36,140	Primarily comes from the dispose of current financial assets at amortized cost
Net cash used in financing activities	-112,771	Mainly comes from the distribution of cash dividend.
Cash at the End of the year	569,489	The balance of closing account in 2021.

## (3) Comparison of Profitability Analysis:

### A. Dynamic Medical's Consolidated Profitability Analysis

Item	2021	2020	Explanation
Return on Asset (%)	6.41	5.38	After-tax net income increased mainly due to the increase of operating income and gross profit.
Return on Equity (%)	9.65	7.96	After-tax net income increased mainly due to the increase of operating income and gross profit.
Profit Before Tax to Capital Stock (%)	57.94	49.56	After-tax net income increased mainly due to the increase of operating income and gross profit.
Net Profit Margin (%)	13.78	11.56	After-tax net income increased mainly due to the increase of operating income and gross profit.
Basic EPS (dollar)	4.11	3.87	After-tax net income increased mainly due to the increase of operating income and gross profit.

## B. Dynamic Medical's Individual Profitability Analysis

Item	2021	2020	Explanation
Return on Total Asset (%)	7.24	6.91	After-tax net income increased mainly due to the increase in profit of associates using equity method.
Return on Equity (%)	9.57	9.02	After-tax net income increased mainly due to the increase in profit of associates using equity method.
Profit Before Tax to Capital Stock (%)	50.47	47.98	After-tax net income increased mainly due to the increase in profit of associates using equity method.
Net Profit Margin (%)	16.11	14.55	After-tax net income increased mainly due to the increase in profit of associates using equity method.
Basic EPS (dollar)	4.11	3.87	After-tax net income increased mainly due to the increase in profit of associates using equity method.

(4) Research and development status: The company is not a manufacturing industry, and has not established a professional R&D (research and develop) department. Agency distribution is responsible for expanding business areas by various business units.

### 2. The 2022 Business Plan

#### (A) Overall Operating Principles:

- a. Improvement of profit level: With abundant product portfolio, we successively introduce new products with topicality, expand the aesthetic consumables sales performance, and enhance the overall profit level.
- b. Improvement of service standards: Strengthens on-the-job training for business, maintenance technology and marketing personnel and improves customer satisfaction.
- c. Sound management system: Carries out the spirit of corporate governance and its requirements and strengthens the audit mechanism for ensuring that the implementation of internal control system of the Company and reinvested companies in order to improve the operating management of the Company.
- d. Expansion of Channel Business: With the integration of medical and related fields upstream and downstream resources through the reinvested companies to facilitate the extension of channel and expanding source of profit.

#### (B) Expected sales growth of main products and their basis:

The focus of the sales of the Company and the re-investment company in 2022 will be as follows:

- a. Diversified facial injectables to satisfy comprehensive demands of aesthetic medicine market

The Botulinum Toxin injectables, Neuronox, distributed by the Company has completed new drug application in 2021 and plan to be launched in January of 2022. Neuronox was developed by the orthodox botulinum toxin strain, and its cost-effective product advantages is expected to capture high attention from the market.

The Company also makes great effort to promote its facial injectable lines, including the collagen stimulator “AestheFill”, particle form Hyaluronic Acid “Hya-Dermis” and gel form Hyaluronic Acid “Animers”.

Through the diversified facial injectables, the Company is able to meet the demands of the clients and enhance the overall sales performances of its aesthetic consumable lines.

b. The sale of "Vbeam pulsed-dye laser" and “Picoway picosecond laser” grows robustly.

"Vbeam pulsed-dye laser" is the reputable vascular laser for years, and its next generation model “Prima” with the features of convenient operations and dual-wavelength will drive the vascular laser market in Taiwan and enhance treatment quality. Furthermore, the “Picoway picosecond laser” is scheduled to launch a new handpiece with the indication of acne scar and wrinkle reduction in the 1<sup>st</sup> quarter of 2022 to provide clients with more complete treatments solutions.

c. The body sculpture treatment total solution.

The muscle toning device “StarFormer” from the well-known European manufacturer, Fotona has received medical device license in December of 2021. Using the unique high intensity Tesla magnetic stimulation (HITS™) technology, StarFormer changes the operation mode every 15 to 20 seconds to stay the muscle fresh and to enhance the result of muscle toning. StarFormer is scheduled to be launch in the 1<sup>st</sup> quarter of 2022 to lead a new trend in the muscle toning market.

Our body sculpture treatment total solution includes “LPG” from France, “Cooltech” from Spain and “StarFormer” which is scheduled to be launched in the 1<sup>st</sup> quarter of 2021, which applied body sculpture devices with physical measures, cold body sculpting and magnetic stimulation, respectively. These advanced devices make the Company able to provide customers with a total solution of body sculpture covering both inside and outside of the body.

d. The development of re-investment company

The Company and listed biotechnology Korean company Caregen Co., Ltd. (KOSDAQ: 214370) have formed a joint venture of CYJ International Taiwan Inc., which markets a revolutionary hair growth product, "DR CYJ" and scalp treatment services in online platforms and 16 physical channels. The product has gained enormous success in the women's hair growth market and significantly boosted its revenues. To provide diverse choices for consumers in their pursuit for beauty, the Company has extended treatments and products to skincare, face wash, and hair styling products. To make facial and body treatments more comprehensive and to provide superior services to consumers, the Company has also introduced the 10th generation beauty device from the high-end French brand, LPG, and is scheduled to introduce the high-end Hydra Facial beauty device to its physical channels.

(C) Important Policies of Production and Marketing.

a. To target aesthetic medicine product in the market.

As the market leader, the Company will continue to develop and introduce products that meet the latest and safe aesthetic medicine trends. The Company will also provide skin and body shaping aesthetic medicine products to achieve the goal of leading the pharmaceutical market in Asia.

b. Complete aesthetic medicine consumable line

Four star product segmentations in aesthetic medicine market are Energy-based Aesthetic Devices, Body Shaping, Skin Tightening, and Facial Injectables, and Botulinum Toxin injectables. The Company maintains a stable growth in “Energy-Based aesthetic devices” and “Body shaping and skin tightening” while continuing to expand products of “Botulinum Toxin injectables” and “Facial Injectables” to cooperate with customers and serve consumers on the needs pursuing beauty. Meanwhile, our diversified products also enhanced the dependency of the Company to customers.

c. Comprehensive one-stop beauty treatment

The re-investment companies actively develop e-commerce channels , selling scalp and skin beauty products through a lively and diverse marketing strategy that is close to consumers. Simultaneously, to provide customers with a variety of “beautiful” services from head to toe, the company will actively develop Excelsior Beauty and the "DR CYJ" physical channels to provide customers with a one-stop "beautiful" enjoyment.

Looking forward to the future, the company will continue to move towards the fields of aesthetic medicine and biotechnology, so that the beautiful, as well as healthy seeds will be intensely cultivated in the Asian aesthetic medicine market, to achieve the goal of “glorious Asia, global vision.”

Chairman of the Board of Directors: FU, HUI-TUNG

General Manager: WU, KUO-LONG

Accounting Manager: CHIANG, CHIH-HAO

## **Appendix 4: Audit Committee's Review Report**

### **DYNAMIC MEDICAL TECHNOLOGIES INC.**

#### **Audit Committee's Review Report**

We have examined the 2021 financial reports together with business report and earnings distribution proposal prepared by Board of Directors and audited and certified by KPMG and issued with auditor's reports.

The above business report, financial report and earnings distribution proposal have been audited by Audit Committee, and we did not find any discrepancy. We hereby produce this report in accordance with provisions specified in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereinafter submit it for your review.

To

2022 Annual Shareholders' Meeting  
DYNAMIC MEDICAL TECHNOLOGIES INC.

Convener of Audit Committee: SHIH MEI-HUI

March 11, 2022

## **Appendix 5: Financial Report**

### **Independent Auditors' Report**

To the Board of Directors of Dynamic Medical Technologies Inc.:

#### **Opinion**

We have audited the financial statements of Dynamic Medical Technologies Inc. (“ the Company” ), which comprise the balance sheets as of December 31, 2021 and 2020, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Impairment Assessment on Receivables**

Please refer to Note (4)(f), Note (5) and Note (6)(d) for the "Impairment Assessment on Receivables" section of the financial statements.

Description of the key audit matter:

The allowance for doubtful debts in the financial statements is based on the default risk of accounts receivable and the rate of expected loss. The evaluation of loss allowance of receivables has been identified as a key audit matter, as the evaluation of impairment loss allowance of receivables involves critical accounting estimates, which are subject to the judgment of the management.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures, in a response to the evaluation of loss allowance of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables, and whether the methodology was adopted consistently testing the reasonableness of the documentation adopted by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and

evaluating the adequacy of the Company's disclosure for impairment of receivables.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2022

**Notes to Readers**

The accompanying parent company only financial statements are intended only to present the parent company only financial statements of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
DYNAMIC MEDICAL TECHNOLOGIES INC.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	2021.12.31		2020.12.31			LIABILITIES AND EQUITY	2021.12.31		2020.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents	\$ 569,489	33	552,059	33	2130	Current contract liabilities	\$ 215,317	12	186,388	11
1136 Current financial assets at amortized cost	129,800	7	90,000	6	2171	Accounts payable	54,470	3	22,546	1
1151 Notes receivable	82,555	5	63,097	4	2200	Other payables	98,488	6	118,850	7
1170 Accounts receivable, net	41,262	2	101,156	6	2230	Current tax liabilities	9,836	1	16,176	1
1300 Inventories	151,376	9	120,306	7	2250	Current provisions	6,415	-	8,032	1
1470 Other current assets	27,131	2	13,725	1	2280	Current lease liabilities	7,384	-	5,519	-
	<u>1,001,613</u>	<u>58</u>	<u>940,343</u>	<u>57</u>	2300	Other current liabilities	19,674	1	729	-
							<u>411,584</u>	<u>23</u>	<u>358,240</u>	<u>21</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>				
1517 Non-current financial assets at fair value through other comprehensive income	117,931	7	138,798	8		Non-current provisions	2,151	-	2,489	-
1550 Investments accounted for using equity method	448,286	26	432,220	26	2550	Deferred tax liabilities	993	-	3,284	-
1600 Property, plant and equipment	52,634	3	54,839	3	2570	Non-current lease liabilities	45,567	3	8,852	1
1755 Right-of-use assets	52,914	3	14,566	1	2580		<u>48,711</u>	<u>3</u>	<u>14,625</u>	<u>1</u>
1780 Intangible assets	128	-	195	-			<u>460,295</u>	<u>26</u>	<u>372,865</u>	<u>22</u>
1840 Deferred tax assets	50,318	3	65,664	4		<b>Total liabilities</b>				
1900 Other non-current assets	6,145	-	1,746	-		<b>Equity:</b>				
1920 Guarantee deposits paid	5,464	-	8,999	1		Share capital:				
1930 Long-term notes and accounts receivable	5,853	-	3,411	-	3110	Ordinary share	300,000	17	300,000	18
1975 Net defined benefit asset	3,051	-	3,014	-	3200	Capital surplus	627,726	36	627,726	38
	<u>742,724</u>	<u>42</u>	<u>723,452</u>	<u>43</u>	3310	Retained earnings:				
					3350	Legal reserve	168,231	20	156,621	9
					3400	Unappropriated retained earnings	169,576	10	162,959	10
						Other equity	18,509	1	43,624	3
							<u>1,284,042</u>	<u>74</u>	<u>1,290,930</u>	<u>78</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,744,337</b>	<b>100</b>	<b>1,663,795</b>	<b>100</b>		<b>Total equity</b>				
						<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,744,337</b>	<b>100</b>	<b>1,663,795</b>	<b>100</b>

**DYNAMIC MEDICAL TECHNOLOGIES INC.****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b>	\$ 764,638	100	797,276	100
5000	<b>Operating costs</b>	514,937	67	553,355	69
	<b>Gross profit from operations</b>	249,701	33	243,921	31
5910	Less: Unrealized profit from sales	6,082	1	7,145	1
5920	Add: Realized profit from sales	5,011	1	8,256	1
		248,630	33	245,032	31
	<b>Operating expenses:</b>				
6100	Selling expenses	101,521	13	89,541	11
6200	Administrative expenses	25,668	4	27,325	4
6450	Impairment loss determined in accordance with IFRS 9	1,271	-	3,605	-
		128,460	17	120,471	15
	<b>Net operating income</b>	120,170	16	124,561	16
	<b>Non-operating income and expenses:</b>				
7100	Interest income	1,252	-	1,265	-
7010	Other income	3,213	-	4,930	-
7020	Other gains and losses, net	(1,715)	-	(52)	-
7050	Finance costs	(167)	-	(99)	-
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	28,649	4	13,341	2
		31,232	4	19,385	2
7900	<b>Profit before tax</b>	151,402	20	143,946	18
7951	<b>Less: Income tax expenses</b>	28,196	4	27,951	3
	<b>Profit</b>	123,206	16	115,995	15
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans	26	-	143	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(20,867)	(2)	5,988	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(20)	-	(872)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,293)	-	2,816	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	(18,568)	(2)	2,443	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation	(8,158)	(1)	(10,897)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(1,632)	-	(2,179)	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(6,526)	(1)	(8,718)	(1)
8300	<b>Other comprehensive income (loss), net of tax</b>	(25,094)	(3)	(6,275)	(1)
8500	<b>Total comprehensive income</b>	<b>\$ 98,112</b>	<b>13</b>	<b>109,720</b>	<b>14</b>
	<b>Earnings per share</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 4.11</b>		<b>3.87</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 4.09</b>		<b>3.85</b>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**DYNAMIC MEDICAL TECHNOLOGIES INC.**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Share capital		Retained earnings		Other equity		Total equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance as January 1, 2020</b>	300,000	627,726	145,369	158,602	1,627	48,386	1,281,710
Profit for the year ended December 31, 2020	-	-	-	115,995	-	-	115,995
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	114	(8,718)	2,329	(6,275)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	116,109	(8,718)	2,329	109,720
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,252	(11,252)	-	-	-
Cash dividends of ordinary share	-	-	-	(100,500)	-	-	(100,500)
<b>Balance as December 31, 2020</b>	300,000	627,726	156,621	162,959	(7,091)	50,715	1,290,930
Profit for the year ended December 31, 2021	-	-	-	123,206	-	-	123,206
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	21	(6,526)	(18,589)	(25,094)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	123,227	(6,526)	(18,589)	98,112
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,610	(11,610)	-	-	-
Cash dividends of ordinary share	-	-	-	(105,000)	-	-	(105,000)
<b>Balance at December 31, 2021</b>	<b>\$ 300,000</b>	<b>627,726</b>	<b>168,231</b>	<b>169,576</b>	<b>(13,617)</b>	<b>32,126</b>	<b>1,284,042</b>

**DYNAMIC MEDICAL TECHNOLOGIES INC.****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 151,402	143,946
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	35,275	25,267
Amortization expense	67	74
Expected credit loss	1,271	3,605
Interest expense	167	99
Interest income	(1,252)	(1,265)
Dividend income	(2,970)	(4,558)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(28,649)	(13,341)
Impairment loss on non-financial assets		4,282
Unrealized profit from sales	6,082	7,145
Realized profit from sales	(5,011)	(8,256)
Others	(263)	-
<b>Total adjustments to reconcile profit</b>	<u>4,717</u>	<u>13,052</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(19,550)	40,950
Accounts receivable, net	58,715	(33,684)
Inventories	(54,261)	62,940
Other current assets	(13,402)	(4,201)
Net defined benefits assets	(11)	(23)
Long-term notes and accounts receivable	(2,442)	6,019
Accounts payable	31,924	(22,246)
Other payable	(20,362)	(17,125)
Provisions	(1,955)	(2,365)
Contract liabilities	28,929	5,584
Other current liabilities	18,945	53
<b>Total adjustments</b>	<u>31,247</u>	<u>48,954</u>
Cash inflow generated from operations	182,649	192,900
Interest received	1,248	1,278
Income taxes paid	(17,556)	(19,819)
<b>Net cash flows from operating activities</b>	<u>166,341</u>	<u>174,359</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(129,800)	(90,000)
Proceeds from disposal of financial assets at amortised cost	90,000	100,000
Acquisition of property, plant and equipment	(1,780)	(395)
Decrease in refundable deposits	3,535	1,068
Acquisition of intangible assets	-	(200)
Increase in other non-current assets	(4,399)	-
Decrease in other non-current assets	-	1,815
Dividends received	6,304	21,076
<b>Net cash flows from (used in) investing activities</b>	<u>(36,140)</u>	<u>33,364</u>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(7,604)	(5,521)
Cash dividends paid	(105,000)	(100,500)
Interest paid	(167)	(99)
<b>Net cash flows used in financing activities</b>	<u>(112,771)</u>	<u>(106,120)</u>
<b>Net increase in cash and cash equivalents</b>	17,430	101,603
<b>Cash and cash equivalents at beginning of period</b>	552,059	450,456
<b>Cash and cash equivalents at end of period</b>	<u>\$ 569,489</u>	<u>552,059</u>

## Independent Auditors' Report

To the Board of Directors of Dynamic Medical Technologies Inc.:

### Opinion

We have audited the consolidated financial statements of Dynamic Medical Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Impairment Assessment on Receivables

Please refer to Note (4)(g), Note (5) and Note (6)(d) for the "Impairment Assessment on Receivables" section of the consolidated financial statements.

Description of the key audit matter:

The allowance for expected credit losses in the consolidated financial statements is based on the default risk of accounts receivable and the rate of expected loss. The evaluation of loss allowance of receivables has been identified as a key audit matter as the evaluation of loss allowance of receivables involves critical accounting estimates, which are subject to the judgment of the management.

How the matter was addressed in our audit:

Our main audit procedures in response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables, and whether the methodology was adopted consistently testing the reasonableness of the information used by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Group's disclosure for impairment of receivables.

### **Other Matter**

Dynamic Medical Technologies Inc. has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2022

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

ASSETS		2021.12.31		2020.12.31		LIABILITIES AND EQUITY		2021.12.31		2020.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Notes (6)(a))	\$ 813,371	35	784,901	37	2130	Current contract liabilities(Notes (6)(s))	\$ 375,255	16	306,505	15
1136	Current financial assets at amortized cost (Notes (6)(c))	492,091	21	447,351	21	2150	Notes payable	-	-	2	-
1151	Notes receivable (Notes (6)(d) and (s))	82,950	4	68,489	3	2170	Accounts payable (Notes (7))	61,554	3	27,099	1
1170	Accounts receivable, net (Notes (6)(d), (s) and (7))	50,589	2	66,348	3	2200	Other payables (Notes (7))	134,488	6	152,170	7
1210	Other receivables due from related parties (Note (7))	31	-	2	-	2230	Current tax liabilities (Note (6)(p))	13,397	1	20,291	1
1300	Inventories (Note (6)(e))	170,233	8	147,124	7	2250	Current provisions (Note (6)(m))	6,415	-	8,393	-
1470	Other current assets	33,012	1	22,957	1	2280	Current lease liabilities (Notes (6)(l) and (7))	42,017	2	38,350	2
		<u>1,642,277</u>	<u>71</u>	<u>1,537,172</u>	<u>72</u>	2300	Other current liabilities	24,429	1	2,860	-
								<u>657,555</u>	<u>29</u>	<u>555,670</u>	<u>26</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (Notes (6)(b))	120,761	5	141,665	7	2550	Non-current provisions (Note (6)(m))	2,151	-	2,490	-
1550	Investments accounted for using equity method (Note (6)(f))	11,894	1	11,056	1	2570	Deferred tax liabilities (Note (6)(p))	1,021	-	3,330	-
1600	Property, plant and equipment (Note (6)(i))	136,013	6	114,499	5	2580	Non-current lease liabilities (Notes (6)(l) and (7))	166,141	7	118,148	6
1755	Right-of-use assets (Note (6)(j))	204,793	9	153,364	7			<u>169,313</u>	<u>7</u>	<u>123,968</u>	<u>6</u>
1780	Intangible assets (Note (6)(k))	3,296	-	3,516	-		<b>Total liabilities</b>	<u>826,868</u>	<u>36</u>	<u>679,638</u>	<u>32</u>
1840	Deferred tax assets (Note (6)(p))	55,201	2	70,917	3						
1920	Guarantee deposits paid	61,697	3	64,253	3	<b>Equity attributable to owners of parent (Notes (6)(q)):</b>					
1930	Long-term notes and accounts receivable (Notes (6)(d))	16,163	1	10,633	1	3110	Ordinary share	300,000	13	300,000	14
1975	Net defined benefit asset, non-current (Note (6)(o))	3,051	-	3,014	-	3200	Capital surplus	627,726	29	627,726	29
1980	Other non-current financial assets (Notes (8))	37,500	2	31,000	1		Retained earnings:				
1900	Other non-current assets	6,145	-	1,746	-	3310	Legal reserve	168,231	7	156,621	7
		<u>656,514</u>	<u>29</u>	<u>605,663</u>	<u>28</u>	3350	Unappropriated retained earnings	169,576	7	162,959	8
						3400	Other equity	18,509	1	43,624	2
							<b>Total equity attributable to owners of parent</b>	1,284,042	56	1,290,930	60
						36XX	<b>Non-controlling interests (Note (6)(q))</b>	187,881	8	172,267	8
							<b>Total equity</b>	<u>1,471,923</u>	<u>64</u>	<u>1,463,197</u>	<u>68</u>
<b>TOTAL ASSETS</b>		<u>\$ 2,298,791</u>	<u>100</u>	<u>2,142,835</u>	<u>100</u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 2,298,791</u>	<u>100</u>	<u>2,142,835</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**DYNAMIC MEDICAL TECHNOLOGIES INC.AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 <b>Operating revenue (Note (6)(s) and (7))</b>	\$ 1,028,183	100	1,009,308	100
5000 <b>Operating costs (Note (6)(e))</b>	673,601	66	691,266	68
<b>Gross profit from operations</b>	<u>354,582</u>	<u>34</u>	<u>318,042</u>	<u>32</u>
<b>Operating expenses (Note (7))</b>				
6100 Selling expenses	167,227	16	139,264	14
6200 Administrative expenses	25,666	2	34,325	4
6450 Impairment loss determined in accordance with IFRS 9 (Note (6)(d))	1,271	-	3,605	-
	<u>194,164</u>	<u>18</u>	<u>177,194</u>	<u>18</u>
<b>Net operating income</b>	<u>160,418</u>	<u>16</u>	<u>140,848</u>	<u>14</u>
<b>Non-operating income and expenses:</b>				
7100 Interest income (Note (6)(u))	4,008	-	6,439	1
7010 Other income (Note (6)(u))	3,024	-	4,784	-
7020 Other gains and losses, net (Note (6)(u))	6,387	1	(309)	-
7050 Finance costs (Note (6)(u))	(872)	-	(1,010)	-
7060 Share of profit(loss) of associates and joint ventures accounted for using equity method (Note (6)(f))	856	-	(2,062)	-
<b>Total non-operating income and expenses</b>	<u>13,403</u>	<u>1</u>	<u>7,842</u>	<u>1</u>
7900 <b>Profit before tax</b>	173,821	17	148,690	15
7950 <b>Less: Income tax expenses (Note (6)(p))</b>	<u>32,132</u>	<u>3</u>	<u>32,048</u>	<u>3</u>
<b>Profit</b>	<u>141,689</u>	<u>14</u>	<u>116,642</u>	<u>12</u>
<b>Other comprehensive income (loss):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Gains on remeasurements of defined benefit plans	26	-	143	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(20,904)	(2)	4,368	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,293)	-	2,816	-
<b>Items that may not be reclassified subsequently to profit or loss</b>	<u>(18,585)</u>	<u>(2)</u>	<u>1,695</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation	(8,158)	(1)	(10,897)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(1,632)	-	(2,179)	-
<b>Items that may be reclassified subsequently to profit or loss</b>	<u>(6,526)</u>	<u>(1)</u>	<u>(8,718)</u>	<u>(1)</u>
<b>Other comprehensive income (loss), net of tax</b>	<u>(25,111)</u>	<u>(3)</u>	<u>(7,023)</u>	<u>(1)</u>
8500 <b>Total comprehensive income</b>	<u>\$ 116,578</u>	<u>11</u>	<u>109,619</u>	<u>11</u>
<b>Profit attributable to:</b>				
8610 Owners of the parent	\$ 123,206	12	115,995	12
8620 Non-controlling interests	18,483	2	647	-
	<u>\$ 141,689</u>	<u>14</u>	<u>116,642</u>	<u>12</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of the parent	\$ 98,112	9	109,720	11
8720 Non-controlling interests	18,466	2	(101)	-
	<u>\$ 116,578</u>	<u>11</u>	<u>109,619</u>	<u>11</u>
<b>Earnings per share (Note (6)(r))</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<u>\$ 4.11</u>		<u>3.87</u>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<u>\$ 4.09</u>		<u>3.85</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Share capital		Retained earnings		Other equity		Total equity Attributable to Owners of Parent	Non-controlling Interests	Total equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (losses) from financial assets Measured at Fair Value through Other Comprehensive Income			
<b>Balance at January 1, 2020</b>	300,000	627,726	145,369	158,602	1,627	48,386	1,281,710	186,501	1,468,211
Profit for the year ended December 31, 2020	-	-	-	115,995	-	-	115,995	647	116,642
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	114	(8,718)	2,329	(6,275)	(748)	(7,023)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	116,109	(8,718)	2,329	109,720	(101)	109,619
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	11,252	(11,252)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(100,500)	-	-	(100,500)	-	(100,500)
Changes in non-controlling interests	-	-	-	-	-	-	-	(14,133)	(14,133)
<b>Balance at December 31, 2020</b>	300,000	627,726	156,621	162,959	(7,091)	50,715	1,290,930	172,267	1,463,197
Profit for the year ended December 31, 2021	-	-	-	123,206	-	-	123,206	18,483	141,689
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	21	(6,526)	(18,589)	(25,094)	(17)	(25,111)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	123,227	(6,526)	(18,589)	98,112	18,466	116,578
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	11,610	(11,610)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(105,000)	-	-	(105,000)	-	(105,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	(2,852)	(2,852)
<b>Balance at December 31, 2021</b>	<b>\$ 300,000</b>	<b>627,726</b>	<b>168,231</b>	<b>169,576</b>	<b>(13,617)</b>	<b>32,126</b>	<b>1,284,042</b>	<b>187,881</b>	<b>1,471,923</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 173,821	148,690
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	95,943	80,181
Amortization expense	249	293
Expected credit loss	1,271	3,605
Interest expense	872	1,010
Interest income	(4,008)	(6,439)
Dividend income	(2,970)	(4,784)
Share of (profit)loss of associates and joint ventures accounted for using equity method	(856)	2,062
Loss on disposal of property, plan and equipment	-	58
Impairment loss on non-financial assets	-	4,282
Others	(1,645)	(4)
<b>Total adjustments to reconcile profit</b>	<u>88,856</u>	<u>80,264</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(14,554)	35,588
Accounts receivable, net	9,249	(7,947)
Other receivable	(29)	646
Inventories	(52,459)	63,893
Other current assets	(14,049)	(4,239)
Net defined benefits assets	(6)	(23)
Long-term notes and accounts receivable	(111)	,745
<b>Total changes in operating assets</b>	<u>(71,959)</u>	<u>95,663</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	68,750	11,045
Notes payable	(2)	(1,385)
Accounts payable	34,455	(30,332)
Other payable	(17,682)	(32,849)
Provisions	(2,310)	(2,333)
Other current liabilities	21,569	(1,117)
<b>Total changes in operating liabilities</b>	<u>104,780</u>	<u>(56,971)</u>
<b>Total changes in operating assets and liabilities</b>	<u>32,821</u>	<u>38,692</u>
<b>Total adjustments</b>	<u>121,677</u>	<u>118,956</u>
Cash inflow generated from operations	295,498	267,646
Interest received	4,004	6,452
Income taxes paid	(21,857)	(25,547)
<b>Net cash flows from operating activities</b>	<u>277,645</u>	<u>248,551</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	\$ (268,491)	(246,501)
Proceeds from disposal of financial assets at amortised cost	223,751	267,799
Acquisition of property, plant and equipment	(42,277)	(8,177)
Increase in refundable deposits		(1,890)
Decrease in refundable deposits	2,556	
Acquisition of intangible assets	(29)	(543)
Increase in other financial assets	(6,500)	-
Increase in other non-current assets	(4,399)	
Decrease in other non-current assets	-	1,816
Dividends received	2,970	4,784
<b>Net cash flows from (used in) investing activities</b>	<b>(92,419)</b>	<b>17,288</b>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(39,956)	(35,800)
Cash dividends paid	(105,000)	(100,500)
Interest paid	(872)	(1,010)
Change in non-controlling interests	(2,852)	(14,133)
<b>Net cash flows used in financing activities</b>	<b>(148,680)</b>	<b>(151,443)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(8,076)</b>	<b>(10,721)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>28,470</b>	<b>103,675</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>784,901</b>	<b>681,226</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 813,371</b>	<b>784,901</b>

See accompanying notes to consolidated financial statements.

## Appendix 6: Comparison Table of Amendment to the Articles of Incorporation

March 11, 2022 the Board of Directors

Revised Version	Before Revised	Description
<p>Article 4 When the Company is the shareholders with limited liability for other companies, the total investment amount shall not subject to the restriction of 40% of paid-in capital according to Article 13, and The Company Act.</p>	<p>Article 4 When the Company is the shareholders with limited liability for other companies, the total investment amount shall not subject to the restriction of 40% of paid-in capital according to <del>Paragraph 1</del>, Article 13, and The Company Act.</p>	Amended in response to the operational needs.
<p>Article 9 The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened at least once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations. The notice of convening shareholders' meeting shall be made by electronic form upon the agreement of respondent of the notice of the meeting. <u>The shareholders' meeting of the company can be held by means of visual communication network or other methods promulgated by the central competent authority.</u> <u>In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u></p>	<p>Article 9 The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened at least once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations. The notice of convening shareholders' meeting shall be made by electronic form upon the agreement of respondent of the notice of the meeting.</p>	Amended accordance with Article 172-2 of the Company Act.
<p>Article 14-1 According to Article 14-2, Securities and Exchange Act and <del>Article 192, Company Act</del>, the Company shall set up independent directors no lower than 2 persons and no lower than one-fifth of total number of directors. It adopts the system to be nominated by candidate and then to be elected from shareholders holding over 1% of total number of outstanding shares. The Board of Directors shall propose the list of independent directors meeting with the qualification of independent directors and propose in shareholders' meeting. Shareholders shall elect from the list of candidates of independent directors. It shall be handled according to the regulations for professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events in The Company Act and Securities and Exchange Act.</p>	<p>Article 14-1 According to Article 14-2 <del>and Article 183</del>, Securities and Exchange Act, the Company shall set up independent directors no lower than 2 persons and no lower than one-fifth of total number of directors. It adopts the system to be nominated by candidate and then to be elected from shareholders holding over 1% of total number of outstanding shares. The Board of Directors shall propose the list of independent directors meeting with the qualification of independent directors and propose in shareholders' meeting. Shareholders shall elect from the list of candidates of independent directors. It shall be handled according to the regulations for professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events in The Company Act and Securities and Exchange Act.</p>	Amended in response to the operational needs.
<p>Article 24 The Articles of Incorporation was established on September 18, 2003. (The first ~ seventeen amendments skipped). <u>The eighteen amendments were on June 17, 2022.</u></p>	<p>Article 24 The Articles of Incorporation was established on September 18, 2003. (The first ~ seventeen amendments skipped).</p>	Update the date of the amendment.

## Appendix 7: Comparison Table of the Operational Procedures for Acquisition or Disposal of Assets Before and After Revision

March 11, 2022 the Board of Directors

Revised Version	Before Revised	Description
<p><b>Article 3</b> Paragraph 1 Omit section1~5 6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A.Trading of domestic government bonds <u>or the credit rating is not lower than that of Our sovereign rating other country bonds.</u> B.Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. C.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. Below omit</p>	<p><b>Article 3</b> Paragraph 1 Omit section1~5 6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A.Trading of domestic government bonds.  B.Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. C.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. Below omit</p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan)</p>
<p>Article 4, Paragraph 1 Section 1 The company acquires or disposes of real estate, equipment or its right-of-use assets thereof, in addition to transactions with government authorities, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment or its right-of-use assets thereof for business use, those whose transaction amount is up to 20% or NT\$ 300,000,000 for the company's paid in capital, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements: Omit section (1)~(2) (3). The valuation result of professional valuer is one of the following cases. Apart from the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed assets is lower than the transaction amount, the accountants shall also be consulted and express specific opinions on</p>	<p>Article 4, Paragraph 1 Section 1 The company acquires or disposes of real estate, equipment or its right-of-use assets thereof, in addition to transactions with government authorities, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment or its right-of-use assets thereof for business use, those whose transaction amount is up to 20% or NT\$ 300,000,000 for the company's paid in capital, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements: Omit section (1)~(2) 3. The valuation result of professional valuer is one of the following cases. Apart from the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed assets is lower than the transaction amount, the accountants shall also be consulted <del>in accordance with the provisions of</del></p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan)</p>

Revised Version	Before Revised	Description
<p>the reasons for the differences and the transaction price:</p> <p>(a). The whose difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(b). The whose difference in valuation results between two or more professional valuers is more than 10% of the transaction amount.</p> <p>Below omit</p>	<p><del>the Auditing Standards Report No. 20 issued by the Accounting Research and Development Foundation,</del> and express specific opinions on the reasons for the differences and the transaction price:</p> <p>(a). The whose difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(b). The whose difference in valuation results between two or more professional valuers is more than 10% of the transaction amount.</p> <p>Below omit</p>	
<p>Article 4, Paragraph 1 Section 2</p> <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so <del>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>Below omit</p>	<p>Article 4, Paragraph 1 Section 2</p> <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so <del>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>Below omit</p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan)</p>
<p>Article 4, Paragraph 1 Section 4</p> <p>The company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price;<del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>Below omit</p>	<p>Article 4, Paragraph 1 Section 4</p> <p>The company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price;<del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>Below omit</p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan)</p>
<p>Article 4, Paragraph 1 Section 6</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>Omit section(1)~(3)</p> <p>When issuing an appraisal report or opinion <u>in guild rules</u>, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>Omit section(1)~(2)</p> <p>3.They shall undertake an item-by-item evaluation of</p>	<p>Article 4, Paragraph 1 Section 6</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>Omit section(1)~(3)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>Omit section(1)~(2)</p> <p>3.They shall undertake an item-by-item evaluation of</p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan) And in response to the operational needs.</p>



Revised Version	Before Revised	Description
<p>the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriateness and reasonable</u> , and that they have complied with applicable laws and regulations.</p>	<p>the <del>comprehensiveness, accuracy,</del> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <del>and accurate</del>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 5 Paragraph 1 Section 2</p> <p>When the company intends to acquire or dispose of real estate or its right-of-use assets thereof, from or to a related party, or when it intends to acquire or dispose of assets other than real estate or its right-of-use assets thereof, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and recognized by more than one-half of all members, and then turned to the Board of Directors for the approval.</p> <p>Omit section(1)~(7)</p> <p>With respect to the acquisition or disposal of business-use equipment between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the following transactions with each other. The company's Board of Directors shall authorize the chairman to decide within a certain amount, and it shall be submitted to as well as ratified by the next Board of Directors meeting.</p> <p>(1). To acquire or dispose of the equipment or its right-of-use assets thereof for business use.</p> <p>(2). To acquire or dispose of real estate or its right-of-use assets thereof for business use.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent</p>	<p>Article 5 Paragraph 1 Section 2</p> <p><del>Evaluate and operating procedure</del></p> <p>When the company intends to acquire or dispose of real estate or its right-of-use assets thereof, from or to a related party, or when it intends to acquire or dispose of assets other than real estate or its right-of-use assets thereof, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and recognized by more than one-half of all members, and then turned to the Board of Directors for the approval.</p> <p>Omit section(1)~(7)</p> <p><del>The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</del></p> <p>With respect to the acquisition or disposal of business-use equipment between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the following transactions with each other. The company's Board of Directors shall authorize the chairman to decide within a certain amount, and it shall be submitted to as well as ratified by the next Board of Directors meeting.</p> <p>(1). To acquire or dispose of the equipment or its right-of-use assets thereof for business use.</p> <p>(2). To acquire or dispose of real estate or its right-of-use assets thereof for business use.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent</p>	<p>Amended accordance with no.1110380465 by FSC R.O.C.(Taiwan)</p>

Revised Version	Before Revised	Description
<p>director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p><u>The Company or a subsidiary of the Company that is not itself a public company in Taiwan has a second transaction, and the transaction amount reaches 10 percent or more of the company's total assets, the Company shall submit the information listed in the second paragraph to the shareholders' meeting for approval before signing the transaction contract and making payments. However, this does not apply to the Company's dealings with the parent company, subsidiaries, or its subsidiaries.</u></p> <p><u>The calculation of the transaction amount in item 2 and the preceding paragraph shall be handled in accordance with the provisions of Article 3, and the so-called one year shall be calculated retroactively on the basis of the date of occurrence of the transaction, and shall be submitted to the shareholders' meeting, the board of directors for approval and the audit committee to recognize the partial exemption in accordance with the provisions of this procedure.</u></p>	<p>director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	

# Appendix 8: Comparison Table of Amendments to the Regulations Endorsements and Guarantees Before and After Revision

March 11, 2022 the Board of Directors

Revised Version	Before Revised	Description
<p>Article 6 The company shall authorize the chairman of the board of directors to decide on the matters of external endorsement guarantee within the scope of the above-mentioned quota, and then report to the board of directors for retrospective recognition afterwards.</p> <p>Below omit</p>	<p>Article 6 The company shall authorize the chairman of the board of directors to decide on the matters of external endorsement guarantee within the scope of the above-mentioned quota, and then report to the board of directors for retrospective recognition afterwards, <del>and report the relevant circumstances of the handling to the shareholders' meeting for future reference</del></p> <p>Below omit</p>	<p>In accordance with practical operation</p>

## Appendix 9: Comparison Table of Amendments to the “Procedures for Election of Directors” Before and After Revision

March 11, 2022 the Board of Directors

Revised Version	Before Revised	Description
<p>Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company’s directors. The composition of the board of directors <u>who is not a manager of the company shall not exceed one-third of the number of directors</u> shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <p>1.Basic requirements and values: Gender, age, nationality, and culture, <u>and among them, the proportion of female directors is one-third of the number of directors</u></p> <p>2.Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</p> <p>Below omit</p>	<p>Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company’s directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <p>1.Basic requirements and values: Gender, age, nationality, and culture.</p> <p>2.Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</p> <p>Below omit</p>	<p>Amended accordance with no. 1100024981 by TWSE</p>

## Appendix 10: The Prohibition on Managers from Participation in Competitive Business

Director name	The release participation in items and position
Yang Yu-Ming	KWAN'S INTERNATIONAL CO., LTD. Independent Director

## Appendix 11: The Shareholdings situation of Directors

1. Paid-in Capital of the Company is NTD 300,000,000, with total number of outstanding shares: 30,000,000 shares.
2. According to Article 26, Securities & Exchange Act and Article 2, Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding number shall be 4,500,000 shares
3. As the Company set up audit committee, it has no regulatory shareholding number application for supervisors.
4. Independent directors' shareholding number is not counted in the regulatory shareholding number of whole directors and shareholding percentage for ratio calculation will be lower to 80%.
5. Shareholding numbers of individual directors and whole directors recorded on the shareholder list on April 19, 2022 as a book closure date of annual shareholders' meeting for this time are listed as follows:

Position	Name	Date Elected	Share hold While Elected		Book Closure Date, up to April 19, 2022	
			Number of Share	Shareholding Ratio	Number of Share	Shareholding Ratio
Chairman	Fu Hui-Tung	2021.07.20	0	0	0	0
Director	Wang Ming-Ting	2021.07.20	0	0	0	0
Director	Fu Jo-Hsuan	2021.07.20	0	0	0	0
Director	Excelsior Medical Co., Ltd: legal representative : Chang Ming-Cheng Huang Chieh-Ching Hsuen Fu-Chuan	2021.07.20	11,550,425	38.50%	11,550,425	38.50%
Independent Director	Shih Mei-Hui	2021.07.20	0	0	0	0
Independent Director	Yang Yu-Ming	2021.07.20	0	0	0	0
Independent Director	Liao Yi-Hsing	2021.07.20	0	0	0	0
Total shares held by whole directors of the Company.			11,550,425	38.50%	11,550,425	38.50%