

Stock Code: 4138



DYNAMIC MEDICAL TECHNOLOGIES INC.

# **Handbook for the 2020 Annual Meeting of Shareholders**

Date: June 16, 2020

Location: No. 631, Zhongzheng Rd., Zhonghe Dist., New Taipei City 23552, 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 takes chair.....	4
3. Chairperson remarks .....	4
4. Company reports .....	4
5. Proposals .....	6
6. Discussions.....	7
7. Questions and motions .....	7
8. Adjournment .....	7
<b>IV. Appendices</b> .....	8
<b>Appendix 1: Rules of Procedure for Shareholders Meeting</b> .....	8
<b>Appendix 2: Article of Incorporation (before amendment)</b> .....	14
<b>Appendix 3: Annual Business Report</b> .....	21
<b>Appendix 4: Audit Committee’s Review Report</b> .....	29
<b>Appendix 5: Comparison Table of Amendments to the “Ethical Corporate Management Best Practice Principles”, “Rules of Procedure for Board of Directors Meetings” and “Guidelines for the Adoption of Codes of Ethical Conduct”</b> .....	30
<b>Appendix 6: Financial Report</b> .....	41
<b>Appendix 7: Comparison Table of Amendments to the Articles of Incorporation</b> .....	56
<b>Appendix 8: Comparison Table to Amendments to the Rules of Procedure for Shareholders Meeting</b> .....	59
<b>Appendix 9: The Prohibition on Managers from Participation in Competitive Business</b> .....	62
<b>Appendix 10: The Shareholdings situation of Directors</b> .....	63

# **I. Meeting Procedure**

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

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

**Time:** 9:00 AM on June 16(Tuesday), 2020

**Place:** No.631, Zhongzheng Rd., Zhonghe Dist., New Taipei City 23552, Taiwan (R.O.C.)

1. Call the meeting to Order
2. Chairperson takes Chair
3. Chairperson remarks
4. Company reports
  - (1) 2019 Business Report and 2020 Business Plan.
  - (2) 2019 Audit Committee's Review Report.
  - (3) Report on the Endorsement and Guarantee Status.
  - (4) Implementation of Investments in China.
  - (5) 2019 Distribution report of employee compensation and director remuneration.
  - (6) The Ethical Corporate Management Best Practice Principles, Regulations Governing Procedure for Board of Directors Meetings and Adoption of Codes of Ethical Conduct amended.
  - (7) Report on 2019 Cash Dividends.
5. Proposals
  - (1) 2019 Business Report and Financial Statements.
  - (2) 2019 Earnings Distribution Proposal.
6. Discussion
  - (1) Amendment to the Articles of Incorporation.
  - (2) Amendment to the Rules of Procedure for Shareholders Meetings.
  - (3) Release the Prohibition on Directors from Participation in Competitive Business.
7. Questions and motions
8. Adjournment

### III. Agenda of Annual Meeting of Shareholders

#### 1. Call the meeting to order

(Report for attendance status of shareholdings)

#### 2. Chairperson takes chair

#### 3. Chairperson remarks

#### 4. Company reports

- (1) 2019 Business Report and 2020 Business Plan: Please refer to Appendix 3 of “Annual Business Report” (P21)
- (2) 2019 Audit Committee’s Review Report: Please refer to Appendix 4 of “Audit Committee’s Review Report” (P29)
- (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, 2019 was 1,281,710 thousand NTD, and its subsidiary company, EXCELSIOR BEAUTY Co., Ltd.’s net value was 357,437 thousand NTD on December 31, 2019.
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, 2019 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	256,342	122,354	59,970	-	4.68%	640,855
Subsidiary	EXCELSIOR BEAUTY CO., LTD.	DYNAMIC MEDICAL TECHNOLOGIES INC.	3	71,487	530	-	-	-%	178,719

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) Implementation of Investments in China:

Explanation: The Company's investments in China that approved by Investment Commission, MOEA till December 31 2019:

Unit:NT\$ Thousand

Name of Company	Contribution Amount	Shareholding Ratio	Major Business
Guangzhou Dynamic Inc.	\$119,598	100%	Sales and Maintenance Businesses for Medical Appliances
Beijing Excelsior Beauty Limited	\$34,424	-(note2)	Sales and Maintenance Businesses for Medical Appliances

Note:

1. Reinvested Chinese Company as trans-investment of current company through a third place.
2. Beijing Excelsior Beauty Limited had liquidated in November, 2018.The paid-in capital already remitted third party, still not remitted to Taiwan yet.

(5) 2019 Distribution report of employee compensation and director remuneration.

Explanation:

1. As adopted by the company's Board of Directors, the Company's 2019 profits in an amount of NTD 6,116,022 shall be distributed to employees as their compensation, whereas in an amount of NTD 5,099,142 shall be distributed to directors as their remuneration.
2. The above plans will be distributed by cash and no difference with recognized expense in 2019.

(6) The Ethical Corporate Management Best Practice Principles, Regulations Governing Procedure for Board of Directors Meetings and Adoption of Codes of Ethical Conduct amended:

Explanation:

1. To adapt to needs of commercial practice and to comply with the revised laws, the Company proposed to amend its.
2. Please refer to Appendix 5 (P30) of this meeting handbook Comparison table of amendments.

(7) Report on 2019 Cash Dividends

Explanation:

1. The earnings distribution is allocated from Earnings in 2019 Available for Distribution. The common share holder will be entitled to receive a cash dividend of NT\$100,500,000.
2. The cash dividend shall be the resolution adopted by the Board of Directors. The 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.

## 5. Proposals

Brief 1: Adoption of the 2019 Business Report and Financial Statements. **【Proposed by the Board】**

Explanation:

1. Individual financial report and consolidated financial reports for 2019 of the Company have been certified with auditor's report by CPA Marshal Wu and Charlotte Lin, KPMG.
2. Please refer to Appendix 3 (P21) of the Handbook, attached Business Report and Financial Statements of the company, and please refer to Appendix 6 (P41) of the Handbook for "2019 Auditor's report, Business Report and Financial statement."
3. Proposes to for approval.

Resolution:

Brief 2: Adoption of the Proposal for Distribution of 2019 Profits. **【Proposed by the Board】**

Explanation:

1. Handles according to the regulations of The Company Act and Article of Association.
2. Retain earning distribution of the Company for 2019 is listed as follows

DYNAMIC MEDICAL TECHNOLOGIES INC.  
PROFIT DISTRIBUTION TABLE Year 2019

Item	Amount	Unit: NT\$
Beginning retained earnings	\$ 45,926,040	
Other comprehensive income, before tax, actuarial gains on defined benefit plans	155,244	
Adjustment of retained earnings	46,081,284	
Add: net profit after tax	112,520,938	
Less: legal reserve	(11,252,094)	
Distributable net profit	147,350,128	
Distributable items:		
Cash Dividend to shareholders (Note)	(100,500,000)	
Unappropriated retained earnings	46,850,128	

Note: Cash Dividend per stock for NTD 3.35

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

3. Proposes to for approval.

Resolution:

## 6. Discussions

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

Explanation:

1. Revises a part of the Article according to practical operations.
2. Please refer to Appendix 7 (P56), the Handbook as a Comparison Table of Amendment to the Article or Incorporation.
3. Proposes to for discussion

Resolution:

Brief 2: Amendment to the Rules of Procedure for Shareholders Meetings. Please proceed to discuss.

**【Proposed by the Board】**

Explanation:

1. Revises a part of the Article according to regulations.
2. Please refer to Appendix 8 (P59), the Handbook as a Comparison Table of Amendments to the Rules of Procedure for Shareholders Meeting.
3. Proposes to for discussion

Resolution:

Brief 3: Proposes to discussion for Proposal of Release the Prohibition on Directors from Participation in Competitive Business. **【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 release the directors or its representative's obligation of non-competition.
3. For releasing the restriction of non-competition of directors, please refer Appendix 9(P62) .
4. Propose to for discussion.

Resolution:

## 7. Questions and motions

## 8. Adjournment



# IV. Appendices

## Appendix 1: Rules of Procedure for Shareholders Meeting

### Rules of Procedure for Shareholders Meetings

June 18, 2015 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: The shareholders' meeting shall be convened by Board of Directors unless otherwise other regulations of ordinances.

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 and independent 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.

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.

The convene causes shall include election or dismissal of directors and independent directors, change of Article of Association, company dissolution, merger, division or every item in Paragraph 1, Article 185, The Company Act, Article 26-1, Article 43-6, Securities and Exchanges Act rather than proposing them as extempore motions.

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, The Company Act may not be listed in the proposals by Board of Directors. The Company shall make announcements for accepting the proposal of shareholder, reception place, reception duration before the final day for stock transfer prior to the date of annual shareholders' meeting. The reception duration shall not less than 10 days.

The proposals from shareholders shall be limited in 300 words; the proposal over 300 words shall not be listed as proposal. Shareholders submitting proposals shall attend or delegate others to attend the shareholders' meeting and participate in the discussion of the proposal thereof.

The Company shall notify the shareholders' submitting proposals the result of handling the proposals and list them in the notice of meeting if meeting with the regulation of the Article. Board of Directors shall explain the reason why the proposals excluded from the proposal list for the shareholders' meeting.

- 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 and independent 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, 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.

Once the attendance is still not over one third of shareholders with total number of outstanding shares after two time of postponing in the preceding Paragraph, it may deem as a tentative resolution according to Paragraph 1, Article 175, The Company Act and notify each shareholder with the tentative resolution and convene the shareholders' meeting within one month.

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 and 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.

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, The Company

Upon convening shareholders' meeting, the Company may adopt written or electronic form 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 vote-counter for voting proposals are appointed by the chairperson, subject to the scrutineers 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 and independent 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 and independent 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 result 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 20: 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 (before amendment)**

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

Revised by Annual shareholders' meeting on June 12, 2019

#### **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. F108051 Wholesale of Cosmetics Ingredients
29. F113010 Wholesale of Machinery.
30. F113050 Wholesale of Computing and Business Machinery Equipment
31. I301010 Software Design Services
32. I301020 Data Processing Services
33. I301030 Digital Information Supply Services
34. I401010 General Advertising Services

35.I501010	Product Designing
36.I503010	Landscape and Interior Designing
37.IZ13010	Internet Identify Services
38.JD01010	Industry and Commerce Credit Bureau Services
39.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 gurantee 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 60days 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.
- 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 an 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 (what is called “profit” refers to the pre-tax income before deducting it from. ) 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 (including adjustment of undistributed earnings) 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: The Company shall pay taxes and cover accumulated deficits and then make an appropriation about 10% for legal reserve in the case of making profit earnings at the close of business year after settlement, while the legal reserve reaches the paid-in capital of the Company, it may not make an appropriation anymore, and it may make a provision or reverse to special reserve for the surplus. 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 pay taxes and cover accumulated deficits (including adjustment of undistributed earnings) and then make an appropriation of 10% for legal reserve and not lower 20% of the undistributed earnings of current year for distributing dividends to 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.

The company to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

## 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 Rrevision on June14, 2018

16nd Rrevision on June12, 2019

## **Appendix 3: Annual Business Report**

### **Business Report**

According to the American Medical Insight Company analysis report of the Asian aesthetic medicine market in January 2019, the total sales of Asian aesthetic medicine products in 2017 was US\$ 2,100,000,000, and the predict growth rate of Asian medical market from 2017 to 2022 will be 13.2%. Among them, Taiwan, China, South Lorean, and Japan have the most stable development and are the driving force for the growth of the Asian market.

Due to the popularity and transparency of medical and aesthetic 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 Dynamic Medical Technologies Inc, which insists to only adhere to the most competitive and safe high-standard medical products in the international market.

Among the instruments and equipment under the company’s agency and distribution, the three highly respected products, “Ulthera Ultrasonic Pulling”, “Picoway Picosecond Laser” and “light to moderate stress urinary incontinence” acquired the first medical device license in Taiwan with the indication of “light to moderate stress urinary incontinence” (Dyanmic SP “woman’s leak”), continued to lead the market trend, established a good reputation in markets, such as skin firming, skin toning and whitening and women’s health, and are well recognized by the medical field and the consumers. Their sales performance has continued to grow as well.

Among the consumable products under the Company's agency and distribution, in addition to the probe of “Ulthera Ultrasonic Pulling” which has a stable sales performance, the “Hyadermis” hyaluronic-acid subcutaneous filler, which has been under the Company's agency for many years, has become an important brand for consumables of aesthetic medicine in Taiwan with its features of “good shaping and forming capability” and “long maintenance”. The Company obtained exclusive right of sale in Taiwan for the star products, AestheFill, from a Korean company, Regen Biotech, in Q4 of 2019. The product is subcutaneous implanted filler with a new form of stimulation to proliferate from body collagen, which can expand the completeness of the existing consumable products in Dynamic Medical Technologies Inc. and enhance customers’ reliability.

Looking forward to 2020 in addition to continuing developing new competitive product lines, the Company will actively expand its business scope and deepen its efforts in the Asian medical cosmetology industry through its overseas reinvested companies.

The following is a report on the Company's 2019 operating results and 2020 business plan:

1. Report on the 2019 Operating Results

(1) Achievements of business plan implementation:

A. Dynamic Medical's Consolidated Statements of Comprehensive Income

Unit: NT\$ Thousand

Item	2019	2018	Increase / Decrease Ratio
Operating Revenue	1,178,195	1,164,815	1%
Gross Profit	334,168	336,258	-1%
Operating Expense	176,345	203,253	-13%
Profit from Operations	157,823	133,005	19%
Non-Operating Income and Expenses	2,152	9,418	-77%
Pre-tax Income	159,975	142,423	12%
Income Tax	33,903	20,141	68%
Net Income	126,072	122,282	3%
Other comprehensive income (loss) for the year	-9,098	25,320	-136%
Total Comprehensive Income for the year	116,974	147,602	-21%
Basic EPS	3.75	3.50	7%

- (a) Although operating income and gross profit were affected by customers' procurement willingness due to political and economic factors, the merged company added new healthy hair E-commerce and channel business in Taiwan in Q4, and hence, in general, they maintained the same as compared with last year.
- (b) Operating net profit increased compared to 2018. It was mainly because DMT Taiwan reduced marketing expenses after evaluating benefits, and it also adjusted and reduced overseas re-investment company organization, resulting decrease in operating expenses.
- (c) Non-operating income and expenses decreased compared to 2018, mainly due to the increase in losses of affiliated companies recognized by equity method.
- (d) Income tax increased compared to 2018. It was mainly because DMT Taiwan was affected by the adjustment and changes in taxation in 2018, resulting in decrease in income tax.
- (e) Other comprehensive profit and loss increased compared to 2018. It was mainly because the investment in equity instruments measured by fair value through other comprehensive gains and losses has not achieved the evaluation benefits.

## B. Dynamic Medical's Individual Statements of Comprehensive Income

Unit: NT\$ Thousand

Item	2019	2018	Increase / Decrease Ratio
Operating Revenue	980,258	1,005,083	-2%
Gross Profit	255,150	249,872	2%
Operating Expense	123,872	136,772	-9%
Profit from Operations	131,278	113,100	16%
Non-Operating Income and Expenses	4,881	3,151	55%
Pre-tax Income	136,159	116,251	17%
Income Tax	23,638	11,276	110%
Net Income	112,521	104,975	7%
Other comprehensive income (loss) for the year	-9,338	26,201	-136%
Total Comprehensive Income for the year	103,183	131,176	-21%
Basic EPS	3.75	3.50	7%

- (a) Operating income decreased compared to 2018. It was mainly because the procurement willingness of clients was affected by political and economic factors, and thus, overseas re-investment companies reduced purchases from parent company.
- (b) Gross profit increased compared to 2018. It was mainly because gross margin was enhanced by optimizing product and sales combination.
- (c) Operating net profit increased compared to 2018, mainly due to the increase in gross profit and the decrease in marketing expenses after evaluating benefits.
- (d) Non-operating income and expenses increased compared to 2018, mainly due to the decrease in the losses of affiliated companies recognized by equity method.
- (e) Income tax increased compared to 2018. It was mainly because the adjustment and changes in taxation in 2018 resulted in decrease in income tax.
- (f) Other comprehensive profit and loss increased compared to 2018. It was mainly because the investment in equity instruments measured by fair value through other comprehensive gains and losses has not achieved 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	2019	Explanation
Cash at the Beginning of the year	868,885	The balance of closing account in 2018
Net cash generated from operating activities	266,957	Primarily comes from the decrease purchase of the inventory purchase and increase of Accounts receivable.
Net cash used in investing activities	-312,053	Primarily comes from the dispose of Current financial assets at amortized cost.
Net cash used in financing activities	-137,917	Mainly comes from the distribution of cash dividend.
Change of Exchange Rate	-4,646	The impact of change in exchange rate to cash and cash equivalents
Cash at the End of the year	681,226	The balance of closing account in 2019.

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

Unit:NT\$ Thousand

Item	2019	Explanation
Cash at the Beginning of the year	412,261	The balance of closing account in 2018
Net cash used in operating activities	160,534	Primarily comes from the decrease purchase of the inventory purchase and decrease of Account receivable..
Net cash generated from investing activities	-22,083	Primarily comes from the dispose of Current financial assets at amortized cost.
Net cash used in financing activities	-100,256	Mainly comes from the distribution of cash dividend.
Cash at the End of the year	450,456	The balance of closing account in 2019.

(3) Comparison of Profitability Analysis:

A. Dynamic Medical's Consolidated Profitability Analysis

Item	2019	2018	Explanation
Return on Asset ( % )	5.99	5.66	After-tax net profit increased mainly due to the decreased of operating expenses.
Return on Equity ( % )	8.69	8.60	After-tax net profit increased mainly due to the decreased of operating expenses.
Profit Before Tax to Capital Stock (%)	53.33	47.47	After-tax net profit increased mainly due to the decreased of operating expenses.
Net Profit Margin ( % )	10.70	10.50	After-tax net profit increased mainly due to the decreased of operating expenses.
Basic EPS (dollar)	3.75	3.50	After-tax net profit increased mainly due to the decreased of operating expenses.

B. Dynamic Medical's Individual Profitability Analysis

Item	2019	2018	Explanation
Return on Total Asset ( % )	6.55	5.58	After-tax net profit increased mainly due to the decreased of operating expenses.
Return on Equity ( % )	8.81	8.36	After-tax net profit increased mainly due to the decreased of operating expenses.
Profit Before Tax to Capital Stock (%)	45.39	38.75	After-tax net profit increased mainly due to the decreased of operating expenses.
Net Profit Margin ( % )	11.48	10.44	After-tax net profit increased mainly due to the decreased of operating expenses.
Basic EPS (dollar)	3.75	3.50	After-tax net profit increased mainly due to the decreased of operating expenses.

(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 2020 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 medicine related business areas, 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 product of the company and the re-investment company in 2020 will be as follows:

a. Diversified consumables to satisfy comprehensive demands of aesthetic medicine market

The Company is actively expanding consumables. In Q4 of 2019, the Company obtained exclusive right of sale in Taiwan for the star products, AestheFill, from a Korean company, Regen Biotech. The product is a subcutaneous implanted filler with a new form of stimulation to proliferate from body collagen (known as Sculptra/Ellanse on the market), which can safely and naturally stimulate the regeneration and newborn of body collagen. The biggest differences compared to hyaluronic subcutaneous implanted filler is that such product emphasized natural growth and long-term effect rather than immediate sculpture. It is suitable for consumers who would like to go back to youth naturally and it features market differentiation.

Moreover, the Company expected to launch the domestic-made hyaluronic acid subcutaneous implanted filler gel, “Animers” in Q2 of 2020 in Taiwan. The Company is the only agent of this product in Taiwan. The main market of the product will be hyaluronic acid gel. Smooth injection feeling and soft skin touch are the features of the product. In the future, the Company will break into the market by whole-new brand and product features and combining the sister brand, “Hyadermis” to provide diversified selections for customers. The two newly added consumables above will expand the current product lines and customer groups of the Company and add new sales momentum to DMT.

b. Deeply operating popular product market

The Company promoted the new application of “Ulthera Ultrasonic Pulling” by “two-way pull-up”, combined with integrated marketing and promoted US classic sonic waves, which enables the promotion of sales on therapeutic probe consumables. Picosecond market is still the mainstream. The picosecond model Picoway from the US brand, Candela, still stands with a high price in picosecond market. It is estimated that there will be an upgraded picosecond with new wavelength launched in Taiwan in Q4 of 2020 to add some more points for the sales in picosecond market. Moreover, the Company will launch the new model Prima of the redness laser for vascular treatment, “Pulse Dye Laser System Vbeam”, with good reputation on the market in Q2 of 2020. Its operational convenience and dual-wave high performances and effects will drive the market of vascular therapy in Taiwan and enhance treatment quality.

c. The body sculpture treatment total solution

Our body sculpture treatment total solution includes “LPG”, laser body sculpture opto-electric equipment (“Velashape 3”) and CoolSculpting equipment (“Cooltech”), to be imported from Spain, which applied body sculpture equipment and system with thermoplastic, cold molding and physical measures, respectively, and combined with Vectra 3D image analysis system to provide a more complete comprehensive body sculpture services covering both inside and outside for customers.

d. The development of re-investment company

The company and the Korean listed biotechnology company Caregen Co., LTD. (KOSDAQ: 214370) joint venture to invest in Shengsheng Biotechnology Co., Ltd, selling the "DR CYJ Winning Peptide" and the scalp beauty treatment service of the health-care cross-age product through e-commerce channels and twelve physical channels(Hair Care Center) and have good performances in female healthy and full hair market with huge growth in sales. To provide multiple selections for consumers pursuing beauty, the Company subsequently extended the treatment process and products to facial care and cleaning and hair smoothing products in physical channels and added cosmetic treatment services for daily life. To extend cosmetic beauty treatment process, the Company specifically imported French top grade 10<sup>th</sup> LPG to provide more high-ranking and comprehensive services for customers.

The company and the South Korean listed biotechnology company Medytox Inc. (KOSDAQ: 086900) joint venture to invest in Taiwan Medeto Co., Ltd., its Neuronox botulinum had been officially submitted a new drug inspection registration to the Ministry of Health and Welfare in 2018. After the product registration is completed, it is expected that its cost-effective product advantages will attract high attention from the market and will drive operational growth.

(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 slimming full aesthetic medicine products to achieve the goal of leading the pharmaceutical market in Taiwan and China.

b. Complete aesthetic medicine consumable line

Four star products developed in aesthetic medicine market are “Laser/Intense Pulsed Light”, “Body Sculpture/Skin Firming”, “BTX Injection” and “Subcutaneous Implanted Filler”. The company maintains a stable growth in “Laser/Intense Pulsed Light” and “Body Sculpture/Skin Firming” while continuing to expand products of “BTX Injection” and “Subcutaneous Implanted Filler” 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 integrate the beauty treatments and the "DR CYJ Winning Peptide" beauty treatment service resources 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 2019 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

2020 Annual Shareholders' Meeting  
DYNAMIC MEDICAL TECHNOLOGIES INC.

Convener of Audit Committee: CHEN, HSIEH-YU

March 12, 2020

## Appendix 5: Comparison Table of Amendments to the “Ethical Corporate Management Best Practice Principles”, “Rules of Procedure for Board of Directors Meetings” and “Guidelines for the Adoption of Codes of Ethical Conduct”

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 2	<p>The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>All matters set forth under Article 15, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.</p> <p>The notice to be given under the preceding paragraph may be effected by means of written forms, electronic transmission or fax.</p>	<p>The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and independent directors before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>All matters set forth under Article 15, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.</p> <p>The notice to be given under the preceding paragraph may be effected by means of written forms, electronic transmission or fax.</p>	Remove independent directors and use directors to replace its function
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 6	<p>A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings. <u>As merited by the content of a proposal, the Board may notify personnel from a relevant department or a subsidiary to attend the meeting, report and reply the raised questions by directors as non-voting participants in order for the Board to make appropriate resolutions.</u></p>	<p>A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings. <u>The Board may invite supervisors to attend the meeting as non-voting participants to express their opinions. However, they may not participate in voting.</u></p>	There are no supervisors now.
OR-113-01 Rules of Procedure for Board of Directors	Article 7	<p>When a board meeting is held, the finance <u>and accounting unit</u> shall furnish the attending directors with relevant materials for ready reference.</p> <p>As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a</p>	<p>When a board meeting is held, the finance <u>management</u> dept. shall furnish the attending directors with relevant materials for ready reference.</p> <p>As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a</p>	The unit responsible for the board meetings was revised.

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
Meetings		<p>subsidiary may be notified to attend the meeting as non-voting participants.</p> <p>When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p>	<p>subsidiary may be notified to attend the meeting as non-voting participants.</p> <p>When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p>	
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 10	<p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>Where a director is prohibited by the preceding 2 paragraphs from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.</p>	<p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	<p>Add Paragraph 2 in accordance with Article 206, Paragraph 3 of the Company Act</p> <p>Shift Paragraph 2 in the current provision to Paragraph 3 and revise the paragraph number in accordance with the shift of Article 206 Paragraph 3 to Paragraph 4 of the Company Act.</p>
OR-113-01 Rules of Procedure for Board of Directors	Article 12	<p>The designated unit responsible for the board meetings of this Corporation shall be the finance <u>and accounting unit</u>. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting. A</p>	<p>The designated unit responsible for the board meetings of this Corporation shall be the finance <u>management</u> dept. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting. A director who</p>	<p>The unit responsible for the board meetings was revised.</p>



Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
Meetings		director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.	is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.	
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 16-7	Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 15, paragraph 4.	Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u> , experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 15, paragraph 2.	There are no supervisors. Revise the text.
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 16-8	Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the <u>Article 10</u> , an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.	Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, <u>supervisor</u> , expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.	There are no supervisors. Revise the text.
OR-113-01 Rules of Procedure for Board of Directors Meetings	Article 16-9 2.	A resolution is adopted with two-thirds or more of all directors, without having been passed by the audit committee of this Corporation. The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company. The minutes of a board meeting shall bear the signature or	A resolution matter is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company. The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation. The minutes of a board meeting shall bear the signature or	Revise the text.  There are no supervisors.

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
		<p>seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.</p> <p>The meeting minutes of paragraph 1 may be produced and distributed in electronic form.</p>	<p>seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.</p> <p>The meeting minutes of paragraph 1 may be produced and distributed in electronic form.</p>	
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 2	<p>(Prohibition of unethical behaviors)</p> <p>When engaging in commercial activities, directors, supervisors, managers, <u>employees</u>, and <u>mandataries</u> of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, <u>supervisors</u>, managers, <u>employees</u> or substantial controllers or other stakeholders.</p>	<p>(Prohibition of unethical behaviors)</p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, <u>independent directors</u>, managers, <u>employees</u> or substantial controllers or other stakeholders.</p>	Revise the text.
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 6	<p>(Prevention Program)</p> <p>In accordance with the operational concepts and policies in the preceding Article, it is better for the Company to actively forestall unethical conduct and establish principles including operational procedures, guidelines, and training, if necessary.</p> <p>When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p> <p>In the course of developing the prevention programs, the</p>	<p>(Prevention Program)</p> <p>In accordance with the operational concepts and policies in the preceding Article, the Company shall <u>in their own principles prescribe the programs to forestall unethical conduct</u> ("<u>prevention programs</u>"), including operational procedures, guidelines, and training.</p> <p>When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p>	In accordance with practical operations

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
		Company are advised to negotiate with staff, labor unions members or other members of representative institutes and communicate with relevant interest groups.		
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 17	<p>The preceding paragraph is omitted.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</li> <li>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</li> <li>6. Assisting the board of directors and management in</li> </ol>	<p>The preceding paragraph is omitted.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</li> <li>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</li> <li>6. Assisting the board of directors and management in</li> </ol>	

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
		<p>auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p><u>7. Compile and retain properly documented information on ethical management policy and its compliance statement, implementation commitment and status of implementation.</u></p>	<p>auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>In accordance with Article 8 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, add the provisions in Subparagraph 7 to compile documented information on the ethical management policy, statement, commitment and implementation properly.</p>
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 19	<p>The preceding paragraph is omitted.</p> <p>When a meeting agenda at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. Where the spouse, a blood relative within the second degree of kinship of a director, <u>or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal</u></p>	<p>The preceding paragraph is omitted.</p> <p>When a <u>proposal</u> at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p>	<ol style="list-style-type: none"> <li>1. Revise the words</li> <li>2. Add a paragraph to clearly state the following, “where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.”</li> </ol>

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
		<u>interest in the matter.</u>		
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 8	<p>(Commitment and Implementations)</p> <p>The Company shall request their directors and <u>managers of and above the level of managers</u> to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</p> <p>The Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</p>	<p>(Commitment and Implementations)</p> <p>The Company shall request their directors and <u>senior management</u> to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</p> <p>The Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</p>	In accordance with practical operations
OR-117-03 Ethical Corporate Management Best Practice Principles	Article 9	<p>(Ethical operations on commercial activities)</p> <p>The Company <u>shall</u> engage in commercial activities in a fair and transparent manner.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and <u>shall</u> avoid any dealings with persons so involved.</p> <p>When entering into contracts with others, the Company <u>shall</u> include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.</p>	<p>(Ethical operations on commercial activities)</p> <p>The Company <u>engages</u> in commercial activities in a fair and transparent manner.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and <u>it is better to</u> avoid any dealings with persons so involved.</p> <p>When entering into contracts with others, <u>it is better for</u> the Company <u>to</u> include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.</p>	Revise the text.
OR-117-04	1-1.1	In recognition of the necessity to assist in their	In recognition of the necessity to assist in their establishment	Revise in accordance

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
Guidelines for the Adoption of Codes of Ethical Conduct		establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors <u>and</u> managerial officers of the Company to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>managerial officers and employees</u> of the Company to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.	with Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	2	The Principle is applicable to the directors <u>and</u> managerial officers of the Company.	The Principle is applicable to the directors, <u>managerial officers and employees</u> of the Company.	
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.1	Principles of good faith and integrity: When conducting duties, the directors and managerial officers of the Company shall take an active approach, work responsibly, abandon parochialism, value team spirit and comply to principles of good faith and integrity.	Principles of good faith and integrity: When conducting duties, the directors, <u>managerial officers and employees</u> of the Company shall take an active approach, work responsibly, abandon parochialism, value team spirit and comply to principles of good faith and integrity.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.2	Prevention of conflicts of interest: The director and managerial officer of the Company shall perform their duties in an objective and efficient manner and may not takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the <u>second</u> degree of kinship.	Prevention of conflicts of interest: The director and managerial officer of the Company shall perform their duties in an objective and efficient manner and may not takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the <u>third</u> degree of kinship.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical	5-5.3.1	<u>The directors and managerial officers of the Company shall not conduct the following matters:</u>	<u>The directors, managerial officers and employees of the Company shall not conduct the following matters.</u>	Same as the explanations in OR-117-04 1-1.1

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
Conduct				
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.3.2	When the Company has an opportunity for profit, it is the responsibility of the directors <u>and</u> managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.	When the Company has an opportunity for profit, it is the responsibility of the directors, <u>managerial officers and employees</u> to maximize the reasonable and proper benefits that can be obtained by the company.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.4	Confidentiality: The directors <u>and</u> managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.	Confidentiality: The directors, <u>managerial officers and employees</u> of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.5	Fair trade: Directors <u>and</u> managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices. When the directors and managerial officers of the Company are conducting their duties, they may not solicit, agree to accept, deliver or accept gratuity, entertainment, rebate, bribery or other actions with improper benefits in whatever form for the interest of themselves, the Company or third parties. However, this shall not apply where the gratuity or entertainment is a kind of social etiquette or is allowed by company regulations. Solicit, agree to accept, or accept.	Fair trade: Directors, <u>managerial officers and employees</u> shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices. When the directors, <u>managerial officers and employees</u> of the Company are conducting their duties, they may not solicit, agree to accept, deliver or accept gratuity, entertainment, rebate, bribery or other actions with improper benefits in whatever form for the interest of themselves, the Company or third parties. However, this shall not apply where the gratuity or entertainment is a kind of social etiquette or is allowed by company regulations. Solicit, agree to accept, or accept.	Same as the explanations in OR-117-04 1-1.1

Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.6	Safeguarding and proper use of company assets: All directors <u>and</u> managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes.	Safeguarding and proper use of company assets: All directors, <u>managerial officers and employees</u> have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.7	Legal compliance: The directors and managerial officers of the Company shall faithfully comply to the laws, regulations and policies regulated all company activities, such as Company Act, Securities and Exchange Act.	Legal compliance: The directors, <u>managerial officers and employees</u> of the Company shall faithfully comply to the laws, regulations and policies regulated all company activities, such as Company Act, Securities and Exchange Act.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.8	Encouraging reporting on illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or <u>the</u> Code and provide sufficient information for the Company to handle subsequent matters appropriately. The company <u>shall establish a concrete whistle-blowing system</u> and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.	Encouraging reporting on illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code <u>of ethical conduct</u> and provide sufficient information for the Company to handle subsequent matters appropriately. The Company <u>handles the reported cases by confidential measures</u> and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.9	Disciplinary measures: When the director and managerial officer of the Company violates <u>the</u> Code, the Company shall handle the matter in accordance with relevant regulations, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. When a person was punished by violating the provisions in the Code, the violator may make complaints in accordance	Disciplinary measures: When the director and managerial officer of the Company violates the code <u>of ethical conduct</u> , the Company shall handle the matter in accordance with relevant regulations, and shall without delay disclose on the Market Observation Post System (MOPS) <u>the position and name</u> of the violator, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. When a person was punished by violating the provisions in	Same as the explanations in OR-117-04 1-1.1



Regulation	Article No.	After Revision	Before Revision	Reasons for Revision
		with relevant regulations.	the Code, the violator may make complaints in accordance with relevant regulations.	
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.10	If it is necessary to exempt the directors and managerial officers of the Company from compliance with the code, this matter shall be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, <u>objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption</u> be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to <u>forestall</u> any arbitrary or dubious exemption from <u>the code</u> , and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption of compliance to <u>the code</u> occurs.	If it is necessary to exempt the directors and managerial officers of the Company from compliance with the code, this matter shall be adopted by a resolution of the board of directors, and that information on <u>the position and name of the personnel allowed to be exempted</u> , the date on which the board of directors adopted the resolution for exemption, <u>the period and applicable code</u> be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to <u>avoid</u> any arbitrary or dubious exemption, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption of compliance occurs.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	5-5.11	The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, <u>on its company website</u> , in its annual reports and prospectuses and on the MOPS.	The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.	Same as the explanations in OR-117-04 1-1.1
OR-117-04 Guidelines for the Adoption of Codes of Ethical Conduct	7	<u>Approval:</u> The code and any amendments to it, <u>shall enter into force after it has been adopted</u> by the board of directors and submitted to a shareholders meeting.	<u>Approval:</u> The <u>code of ethical conduct</u> , and any amendments to it, shall be <u>reviewed by the audit committee and proposed</u> to the board of directors <u>for resolution and</u> submitted to a shareholders meeting.	Same as the explanations in OR-117-04 1-1.1

## **Appendix 6: 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, 2019 and 2018, 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, 2019 and 2018, 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. Because the evaluation of impairment loss allowance of receivables involves critical accounting estimates, which are subject to the judgment of the management, the evaluation of loss allowance of receivables has been identified as a key audit matter.

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 12, 2020

**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.

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

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		2019.12.31		2018.12.31			LIABILITIES AND EQUITY		2019.12.31		2018.12.31	
		Amount	%	Amount	%				Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 450,456	27	412,261	24	2130	Current contract liabilities	\$ 180,804	11	240,470	14	
1136	Current financial assets at amortized cost	100,000	6	70,000	4	2171	Accounts payable	44,792	3	63,594	4	
1151	Notes receivable	103,643	6	115,895	7	2200	Other payables	135,976	8	135,798	8	
1170	Accounts receivable, net	71,481	4	117,744	7	2230	Current tax liabilities	19,647	1	16,308	1	
1300	Inventories	202,333	12	271,642	15	2250	Current provisions	9,543	1	10,033	-	
1470	Other current assets	<u>9,537</u>	<u>1</u>	<u>17,623</u>	<u>1</u>	2280	Current lease liabilities	5,521	-	-	-	
		<u>937,450</u>	<u>56</u>	<u>1,005,165</u>	<u>58</u>	2300	Other current liabilities	<u>676</u>	<u>-</u>	<u>575</u>	<u>-</u>	
								<u>396,959</u>	<u>24</u>	<u>466,778</u>	<u>27</u>	
<b>Non-current assets:</b>							<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income	132,810	7	142,083	8		Non-current provisions	3,343	-	3,562	-	
1550	Investments accounted for using equity method	446,056	26	468,573	27	2550	Deferred tax liabilities	886	-	5,008	-	
1600	Property, plant and equipment	59,500	4	40,892	2	2570	Non-current lease liabilities	<u>11,237</u>	<u>1</u>	<u>-</u>	<u>-</u>	
1755	Right-of-use assets	16,838	1	-	-	2580		<u>15,466</u>	<u>1</u>	<u>8,570</u>	<u>-</u>	
1780	Intangible assets	69	-	206	-		<b>Total liabilities</b>	<u>412,425</u>	<u>25</u>	<u>475,348</u>	<u>27</u>	
1840	Deferred tax assets	75,506	4	64,830	4							
1920	Guarantee deposits paid	10,067	1	5,745	-		<b>Equity:</b>					
1930	Long-term notes and accounts receivable	9,430	1	14,139	1		Share capital:					
1975	Net defined benefit asset	2,848	-	2,592	-	3110	Ordinary share	300,000	18	300,000	17	
1900	Other non-current assets	<u>3,561</u>	<u>-</u>	<u>2,366</u>	<u>-</u>	3200	Capital surplus	627,726	37	625,942	36	
		756,685	44	741,426	42		Retained earnings:					
						3310	Legal reserve	145,369	9	134,871	8	
						3350	Unappropriated retained earnings (accumulated deficit)	158,602	9	150,924	9	
						3400	Other equity	<u>50,013</u>	<u>2</u>	<u>59,506</u>	<u>3</u>	
							<b>Total equity</b>	<u>1,281,710</u>	<u>75</u>	<u>1,271,243</u>	<u>73</u>	
<b>TOTAL ASSETS</b>		<b>\$ 1,694,135</b>	<b>100</b>	<b>1,746,591</b>	<b>100</b>		<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,694,135</b>	<b>100</b>	<b>1,746,591</b>	<b>100</b>	

**DYNAMIC MEDICAL TECHNOLOGIES INC.****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	2019		2018	
	Amount	%	Amount	%
4000 <b>Operating revenue</b>	\$ 980,258	100	1,005,083	100
5000 <b>Operating costs</b>	<u>724,522</u>	<u>74</u>	<u>753,661</u>	<u>75</u>
<b>Gross profit from operations</b>	255,736	26	251,422	25
5910 Less: Unrealized profit from sales	12,286	1	12,240	1
5920 Add: Realized profit on from sales	<u>11,700</u>	<u>1</u>	<u>10,690</u>	<u>1</u>
	<u>255,150</u>	<u>26</u>	<u>249,872</u>	<u>25</u>
<b>Operating expenses:</b>				
6100 Selling expenses	87,310	9	99,784	10
6200 Administrative expenses	33,520	3	30,642	3
6450 Impairment loss determined in accordance with IFRS 9	<u>3,042</u>	<u>-</u>	<u>6,346</u>	<u>1</u>
	<u>123,872</u>	<u>12</u>	<u>136,772</u>	<u>14</u>
<b>Net operating income</b>	<u>131,278</u>	<u>14</u>	<u>113,100</u>	<u>11</u>
<b>Non-operating income and expenses:</b>				
7010 Other income	4,559	-	4,722	-
7020 Other gains and losses, net	2,869	-	8,440	1
7050 Finance costs	(135)	-	(394)	-
7370 Share of profit of associates and joint ventures accounted for using equity method	<u>(2,412)</u>	<u>-</u>	<u>(9,617)</u>	<u>(1)</u>
	<u>4,881</u>	<u>-</u>	<u>3,151</u>	<u>-</u>
7900 <b>Profit before tax</b>	136,159	14	116,251	11
7951 <b>Less: Income tax expenses</b>	<u>23,638</u>	<u>2</u>	<u>11,276</u>	<u>1</u>
<b>Profit</b>	<u>112,521</u>	<u>12</u>	<u>104,975</u>	<u>10</u>
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	194	-	317	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(9,273)	(1)	18,214	2
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	280	-	(1,029)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(3,243)</u>	<u>-</u>	<u>(2,045)</u>	<u>-</u>
<b>Items that may not be reclassified subsequently to profit or loss</b>	<u>(5,556)</u>	<u>(1)</u>	<u>19,547</u>	<u>2</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation	(4,728)	-	8,261	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(946)</u>	<u>-</u>	<u>1,607</u>	<u>-</u>
<b>Items that may be reclassified subsequently to profit or loss</b>	<u>(3,782)</u>	<u>-</u>	<u>6,654</u>	<u>1</u>
8300 <b>Other comprehensive income (loss), net of tax</b>	<u>(9,338)</u>	<u>(1)</u>	<u>26,201</u>	<u>3</u>
8500 <b>Total comprehensive income</b>	<u>\$ 103,183</u>	<u>11</u>	<u>131,176</u>	<u>13</u>
<b>Earnings per share</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<u>\$ 3.75</u>		<u>3.50</u>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<u>\$ 3.73</u>		<u>3.48</u>	

(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, 2019 AND 2018  
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Share capital</u>		<u>Retained earnings</u>		<u>Exchange Differences on Translation of Foreign Financial Statements</u>	<u>Other equity</u>		<u>Total equity</u>
	<u>Ordinary Shares</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Retained Earnings</u>		<u>Unrealized gains (losses) from financial assets measured at fair value</u>	<u>Unrealized gains (losses) on available-for-sale financial assets</u>	
<b>Balance as January 1, 2018</b>	\$ 300,000	625,942	123,563	158,907	(1,245)	-	32,639	1,239,806
Effects of retrospective application	-	-	-	118	-	34,782	(32,639)	2,261
Equity at beginning of period after adjustments	300,000	625,942	123,563	159,025	(1,245)	34,782	-	1,242,067
Profit for the year ended December 31, 2018	-	-	-	104,975	-	-	-	104,975
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	232	6,654	19,315	-	26,201
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	105,207	6,654	19,315	-	131,176
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	11,308	(11,308)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(102,000)	-	-	-	(102,000)
<b>Balance as December 31, 2018</b>	300,000	625,942	134,871	150,924	5,409	54,097	-	1,271,243
Profit for the year ended December 31, 2019	-	-	-	112,521	-	-	-	112,521
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	155	(3,782)	(5,711)	-	(9,338)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	112,676	(3,782)	(5,711)	-	103,183
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	10,498	(10,498)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(94,500)	-	-	-	(94,500)
Other changes in capital surplus:								
Changes in capital surplus from investment in subsidiaries accounted for using equity method	-	83	-	-	-	-	-	83
Compensation recognized for share-based payments	-	1,701	-	-	-	-	-	1,701
<b>Balance at December 31, 2019</b>	\$ <b>300,000</b>	<b>627,726</b>	<b>145,369</b>	<b>158,602</b>	<b>1,627</b>	<b>48,386</b>	<b>-</b>	<b>1,281,710</b>

**DYNAMIC MEDICAL TECHNOLOGIES INC.****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$136,159	116,251
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	24,320	20,459
Amortization expense	137	243
Expected credit loss	3,042	6,346
Interest expense	135	394
Interest income	(2,374)	(2,988)
Dividend income	(1,813)	(1,362)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	2,412	9,617
Gain on disposal of property, plan and equipment	-	(52)
Impairment loss (impairment gain and reversal of impairment loss) on financial assets	577	(7,328)
Compensation recognized for share-based payments	1,701	-
Unrealized profit from sales	12,286	12,240
Realized profit on from sales	(11,700)	(10,690)
<b>Total adjustments to reconcile profit</b>	<u>28,723</u>	<u>26,879</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	12,340	(26,162)
Accounts receivable, net	43,133	89,183
Other receivable	-	138
Inventories	34,878	33,676
Other current assets	8,097	(3,560)
Net defined benefits assets	(62)	(237)
Long-term notes and accounts receivable	4,709	11,153
Accounts payable	(18,802)	(13,365)
Other payable	178	(17,838)
Provisions	(709)	1,032
Contract liabilities	(59,666)	15,852
Other current liabilities	101	(44)
<b>Total adjustments</b>	<u>52,920</u>	<u>116,707</u>
Cash inflow generated from operations	189,079	232,958
Interest received	2,363	3,048
Income taxes paid	(30,908)	(24,573)
<b>Net cash flows from operating activities</b>	<u>160,534</u>	<u>211,433</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(100,000)	(70,000)
Proceeds from disposal of financial assets at amortised cost	70,000	200,900
Acquisition of property, plant and equipment	(3,533)	(821)
Proceeds from disposal of property, plant and equipment	-	53
Increase in refundable deposits	(4,322)	(703)
Increase in other non-current assets	(1,195)	(1,291)
Dividends received	16,967	31,672
<b>Net cash flows (used in) from investing activities</b>	<u>(22,083)</u>	<u>159,810</u>
<b>Cash flows from (used in) financing activities:</b>		
Repayments of bonds	-	(300,000)
Payment of lease liabilities	(5,621)	-
Cash dividends paid	(94,500)	(102,000)
Interest paid	(135)	-
<b>Net cash flows used in financing activities</b>	<u>(100,256)</u>	<u>(402,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	38,195	(30,757)
<b>Cash and cash equivalents at beginning of period</b>	412,261	443,018
<b>Cash and cash equivalents at end of period</b>	<u>\$ 450,456</u>	<u>412,261</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, 2019 and 2018, 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 at December 31, 2019 and 2018, 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 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 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.

### Impairment Assessment on Receivables

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

Description of the key audit matter:

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

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 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, 2019 and 2018, 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 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 12, 2020

#### **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 STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**  
**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

ASSETS		2019.12.31		2018.12.31			LIABILITIES AND EQUITY		2019.12.31		2018.12.31	
		Amount	%	Amount	%				Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Notes (6)(a))	\$ 681,226	31	868,885	43	2130	Current contract liabilities (Notes (6)(t))	\$ 295,460	13	306,655	15	
1110	Current financial assets at fair value through profit or loss (Notes (6)(b))	-	-	20	-	2150	Notes payable	1,387	-	2	-	
1136	Current financial assets at amortized cost (Notes (6)(d))	468,649	21	180,000	9	2170	Accounts payable (Note (7))	57,431	3	69,395	4	
1151	Notes receivable (Notes (6)(e) and (t))	103,673	5	115,895	6	2200	Other payables (Note (7))	185,019	8	168,846	8	
1170	Accounts receivable, net (Notes (6)(e), (t) and (7))	62,328	3	82,639	4	2230	Current tax liabilities(Note (6)(q))	25,320	1	19,082	1	
1210	Other receivables due from related parties (Notes (7))	648	-	191	-	2250	Current provisions (Note (6)(n))	9,891	-	11,473	1	
1300	Inventories (Note (6)(f))	229,816	10	320,097	16	2280	Current lease liabilities (Notes (6)(m))	42,020	3	-	-	
1470	Other current assets	19,111	-	27,660	1	2365	Current refund liabilities	-	-	860	-	
		<u>1,565,451</u>	<u>70</u>	<u>1,595,387</u>	<u>79</u>	2399	Other current liabilities	3,977	-	1,103	-	
								<u>620,505</u>	<u>28</u>	<u>577,416</u>	<u>29</u>	
<b>Non-current assets:</b>							<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	137,297	6	146,050	7	2550	Non-current provisions (Note (6)(n))	3,343	-	3,562	-	
1550	Investments accounted for using equity method (Note (6)(g))	13,152	1	23,916	1	2570	Deferred tax liabilities (Note (6)(q))	951	-	5,092	-	
1600	Property, plant and equipment (Note (6)(j))	134,894	6	75,707	4	2580	Other non-current liabilities (Notes (6)(m))	131,353	6	-	-	
1755	Right-of-use assets (Note (6)(k))	171,216	8	-	-			<u>135,647</u>	<u>6</u>	<u>8,654</u>	<u>-</u>	
1780	Intangible assets(Note (6)(l))	3,266	-	680	-			<u>756,152</u>	<u>34</u>	<u>586,070</u>	<u>29</u>	
1840	Deferred tax assets (Note (6)(q))	80,936	4	70,500	4							
1920	Guarantee deposits paid	62,363	3	57,380	3		<b>Equity attributable to owners of parent:</b>					
1930	Long-term notes and accounts receivable (Notes (6)(e))	18,378	1	27,591	1	3110	Ordinary share	300,000	13	300,000	15	
1975	Net defined benefit asset, non-current (Note (6)(p))	2,848	-	2,592	-	3200	Capital surplus	627,726	28	625,942	31	
1980	Other non-current financial assets (Note (8))	31,000	1	17,000	1		Retained earnings:					
1990	Other non-current assets, others	3,562	-	2,366	-	3310	Legal reserve	145,369	7	134,871	7	
		658,912	30	423,782	21	3350	Unappropriated retained earnings	158,602	7	150,924	7	
						3400	Other equity interest	50,013	3	59,506	3	
								<u>1,281,710</u>	<u>58</u>	<u>1,271,243</u>	<u>63</u>	
						36XX	<b>Total equity attributable to owners of parent</b>	<u>186,501</u>	<u>8</u>	<u>161,856</u>	<u>8</u>	
							<b>Total equity</b>	<u>1,468,211</u>	<u>66</u>	<u>1,433,099</u>	<u>71</u>	
							<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 2,224,363</u>	<u>100</u>	<u>2,019,169</u>	<u>100</u>	
	<b>TOTAL ASSETS</b>	<u>\$ 2,224,363</u>	<u>100</u>	<u>2,019,169</u>	<u>100</u>							

The accompanying notes are an integral part of the 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, 2019 AND 2018**  
**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

		<u>2019</u>		<u>2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note (6)(t))	\$ 1,178,195	100	1,164,815	100
5000	Operating costs (Note (6)(f))	844,027	72	828,557	71
	<b>Gross profit from operations</b>	<u>334,168</u>	<u>28</u>	<u>336,258</u>	<u>29</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	107,606	9	138,151	12
6200	Administrative expenses	65,521	6	59,304	5
6450	Impairment loss determined in accordance with IFRS 9 (Note (6)(e))	<u>3,218</u>	<u>-</u>	<u>5,798</u>	<u>-</u>
		<u>176,345</u>	<u>15</u>	<u>203,253</u>	<u>17</u>
	<b>Net operating income</b>	<u>157,823</u>	<u>13</u>	<u>133,005</u>	<u>12</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (Note (6)(v))	10,499	1	9,218	1
7020	Other income (Note (6)(v))	3,614	-	4,789	-
7050	Finance costs (Note (6)(v))	(1,215)	-	(394)	-
7060	Share of loss of associates and joint ventures accounted for using equity method (Note (6)(g))	<u>(10,746)</u>	<u>(1)</u>	<u>(4,195)</u>	<u>-</u>
		<u>2,152</u>	<u>-</u>	<u>9,418</u>	<u>1</u>
7900	<b>Profit before tax</b>	159,975	13	142,423	13
7950	<b>Less: Income tax expenses (Note (6)(q))</b>	<u>33,903</u>	<u>2</u>	<u>20,141</u>	<u>2</u>
	<b>Profit</b>	<u>126,072</u>	<u>11</u>	<u>122,282</u>	<u>11</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	194	-	317	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(8,753)	(1)	16,304	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(3,243)</u>	<u>-</u>	<u>(2,045)</u>	<u>-</u>
	<b>Items that may not be reclassified subsequently to profit or loss</b>	<u>(5,316)</u>	<u>(1)</u>	<u>18,666</u>	<u>2</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation	(4,728)	-	8,261	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(946)</u>	<u>-</u>	<u>1,607</u>	<u>-</u>
	<b>Items that may be reclassified subsequently to profit or loss</b>	<u>(3,782)</u>	<u>-</u>	<u>6,654</u>	<u>-</u>
	<b>Other comprehensive income (loss), net of tax</b>	<u>(9,098)</u>	<u>(1)</u>	<u>25,320</u>	<u>2</u>
8500	<b>Total comprehensive income</b>	<u>\$ 116,974</u>	<u>10</u>	<u>147,602</u>	<u>13</u>
	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 112,521	10	104,975	10
8620	Non-controlling interests	<u>13,551</u>	<u>1</u>	<u>17,307</u>	<u>1</u>
		<u>\$ 126,072</u>	<u>11</u>	<u>122,282</u>	<u>11</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 103,183	9	131,176	11
8720	Non-controlling interests	<u>13,791</u>	<u>1</u>	<u>16,426</u>	<u>2</u>
		<u>\$ 116,974</u>	<u>10</u>	<u>147,602</u>	<u>13</u>
	<b>Earnings per share (Note (6)(s))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 3.75</u>		<u>3.50</u>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 3.73</u>		<u>3.48</u>	

**The accompanying notes are an integral part of the 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, 2019 AND 2018

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Share capital</u>		<u>Retained earnings</u>		<u>Exchange Differences on Translation of Foreign Financial Statements</u>	<u>Other equity</u>		<u>Total equity Attributable to Owners of Parent</u>	<u>Non-controlling Interests</u>	<u>Total equity</u>
	<u>Ordinary Shares</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Retained Earnings</u>		<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Unrealized gains (losses) on available-for-sale financial assets</u>			
<b>Balance as January 1, 2018</b>	\$ 300,000	625,942	123,563	158,907	(1,245)	-	32,639	1,239,806	169,429	1,409,235
Effects of retrospective application	-	-	-	118	-	34,782	(32,639)	2,261	1,934	4,195
Equity at beginning of period after adjustments	<u>300,000</u>	<u>625,942</u>	<u>123,563</u>	<u>159,025</u>	<u>(1,245)</u>	<u>34,782</u>	<u>-</u>	<u>1,242,067</u>	<u>171,363</u>	<u>1,413,430</u>
Profit for the year ended December 31, 2018	-	-	-	104,975	-	-	-	104,975	17,307	122,282
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	232	6,654	19,315	-	26,201	(881)	25,320
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	105,207	6,654	19,315	-	131,176	16,426	147,602
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	11,308	(11,308)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(102,000)	-	-	-	(102,000)	-	(102,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(25,933)	(25,933)
<b>Balance as December 31, 2018</b>	<u>300,000</u>	<u>625,942</u>	<u>134,871</u>	<u>150,924</u>	<u>5,409</u>	<u>54,097</u>	<u>-</u>	<u>1,271,243</u>	<u>161,856</u>	<u>1,433,099</u>
Profit for the year ended December 31, 2019	-	-	-	112,521	-	-	-	112,521	13,551	126,072
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	155	(3,782)	(5,711)	-	(9,338)	240	(9,098)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	112,676	(3,782)	(5,711)	-	103,183	13,791	116,974
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	10,498	(10,498)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(94,500)	-	-	-	(94,500)	-	(94,500)
Other changes in capital surplus:										
Changes in capital surplus from investment in associates accounted for using equity-method	-	83	-	-	-	-	-	83	-	83
Compensation recognized for share-based payments	-	1,701	-	-	-	-	-	1,701	-	1,701
Acquisition of equity of subsidiaries	-	-	-	-	-	-	-	-	23,732	23,732
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(12,878)	(12,878)
<b>Balance at December 31, 2019</b>	<u>\$ 300,000</u>	<u>627,726</u>	<u>145,369</u>	<u>158,602</u>	<u>1,627</u>	<u>48,386</u>	<u>-</u>	<u>1,281,710</u>	<u>186,501</u>	<u>1,468,211</u>

The accompanying notes are an integral part of the 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, 2019 AND 2018**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2019</u>	<u>2018</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 159,975	142,423
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	64,586	35,098
Amortization expense	427	585
Expected credit loss	3,218	5,798
Net loss on financial assets or liabilities at fair value through profit or loss	20	687
Interest expense	1,215	394
Interest income	(8,361)	(7,167)
Dividend income	(1,859)	(1,679)
Share of loss of associates and joint ventures accounted for using equity method	10,746	4,195
Loss (gain) on disposal of property, plan and equipment	285	(67)
Loss on disposal of investments accounted for using equity method	-	3,153
Impairment loss (impairment gain and reversal of impairment loss) on non-financial assets	576	(7,328)
Compensation recognized for share-based payments	1,701	-
<b>Total adjustments to reconcile profit</b>	<u>72,554</u>	<u>33,669</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	12,309	(26,161)
Accounts receivable, net	22,471	(15,824)
Other receivable	(457)	(64)
Inventories	78,140	43,969
Other current assets	18,333	(1,056)
Net defined benefits assets	(62)	(237)
Long-term notes and accounts receivable	9,213	15,007
<b>Total changes in operating assets</b>	<u>139,947</u>	<u>15,634</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(54,985)	31,891
Notes payable	(6,875)	2
Accounts payable	(14,161)	(35,065)
Other payable	(4,669)	(14,374)
Provisions	(1,799)	847
Refund liabilities	(860)	860
Other current liabilities	290	(794)
<b>Total changes in operating liabilities</b>	<u>(83,059)</u>	<u>(16,633)</u>
<b>Total changes in operating assets and liabilities</b>	<u>56,888</u>	<u>(999)</u>
<b>Total adjustments</b>	<u>129,442</u>	<u>32,670</u>
Cash inflow generated from operations	289,417	175,093
Interest received	8,350	7,228
Income taxes paid	(30,810)	(36,534)
<b>Net cash flows from operating activities</b>	<u>266,957</u>	<u>145,787</u>

The accompanying notes are an integral part of the 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, 2019 AND 2018**

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

	<u>2019</u>	<u>2018</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	\$ (348,649)	(130,000)
Proceeds from disposal of financial assets at amortised cost	60,000	279,900
Proceeds from capital reduction of amortised cost	-	84,953
Acquisition of property, plant and equipment	(31,587)	(14,256)
Proceeds from disposal of property, plant and equipment	323	506
Decrease in refundable deposits	(3,139)	(793)
Acquisition of intangible assets	(20)	(409)
Increase in other financial assets	(7,000)	(1,000)
Increase in other non-current assets	(1,196)	(1,291)
Dividends received	1,859	1,679
Cash inflow generated from business combination	17,356	-
<b>Net cash flows (used in) from investing activities</b>	<u>(312,053)</u>	<u>219,289</u>
<b>Cash flows from (used in) financing activities:</b>		
Repayments of bonds	-	(300,000)
Payment of lease liabilities	(29,324)	-
Increase in other non-current liabilities	-	(119)
Cash dividends paid	(94,500)	(102,000)
Interest paid	(1,215)	-
Change in non-controlling interests	(12,878)	(25,933)
<b>Net cash flows used in financing activities</b>	<u>(137,917)</u>	<u>(428,052)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(4,646)	6,397
<b>Net decrease in cash and cash equivalents</b>	(187,659)	(56,579)
<b>Cash and cash equivalents at beginning of period</b>	868,885	925,464
<b>Cash and cash equivalents at end of period</b>	<u>\$ 681,226</u>	<u>868,885</u>

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



## Appendix 7: Comparison Table of Amendments to the Articles of Incorporation

March 12, 2020 the seventh amendment of sixth Board of Directors

Revised Version	Before Revised	Description
<p>Article 2</p> <p>1. F113030 Wholesale of Precision Instruments</p> <p>2. F108040 Wholesale of Cosmetics</p> <p>3. F208040 Retail Sale of Cosmetics</p> <p>4. F108031 Wholesale of Drugs, Medical Goods</p> <p>5. F208031 Retail sale of Medical Equipment</p> <p>6. F113990 Wholesale of Other Machinery and Equipment</p> <p>7. F213990 :Retail Sale of Other Machinery and Equipment</p> <p>8. JE01010 Rental and Leasing Business</p> <p>9. I102010 Investment Consultancy.</p> <p>10.I103060 Management Consulting Services</p> <p>11.I199990 Other Consultancy</p> <p>12.F102170 Wholesale of Food and Grocery</p> <p>13.F203010 Retail sale of Food and Grocery.</p> <p>14.F110020 Wholesale of Spectacles</p> <p>15.F210020 Retail Sale of Spectacles</p> <p>16.F113020 Wholesale of Household Appliance.</p> <p>17.F213010 Retail Sale of Household Appliance</p> <p>18.F213040 Retail Sale of Precision Instruments</p> <p>19.F113060 Wholesale of Metrological Instruments</p> <p>20.F213050 Retail Sale of Metrological Instruments</p> <p>21.F401010 International Trade</p> <p>22.E601020 Electric Appliance Installation</p> <p>23.E604010 Machinery Installation Construction</p> <p>24.EZ05010 Apparatus Installation Construction.</p> <p>25.JA02990 Other Repair Shops</p> <p>26.F108021 Wholesale of Drugs and Medicines</p> <p>27.F208021 Retail Sale of Drugs and Medicines</p> <p><u>28.F113010 Wholesale of Machinery.</u></p> <p><u>29.F113050 Wholesale of Computing and Business Machinery Equipment</u></p> <p><u>30.I301010 Software Design Services</u></p> <p><u>31.I301020 Data Processing Services</u></p> <p><u>32.I301030 Digital Information Supply Services</u></p> <p><u>33.I401010 General Advertising Services</u></p> <p><u>34.I501010 Product Designing</u></p> <p><u>35.I503010 Landscape and Interior Designing</u></p> <p><u>36.IZ13010 Internet Identify Services</u></p> <p><u>37.JD01010 Industry and Commerce Credit Bureau Services</u></p> <p><u>38.F107200 Wholesale of Chemistry Raw Material</u></p> <p><u>39.F207200 Retail sale of Chemistry Raw Material</u></p> <p><u>40.F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</u></p> <p><u>41.F209060Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</u></p> <p><u>42.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u></p> <p><u>43.F116010 Wholesale of Photographic Equipment</u></p> <p><u>44.F216010 Retail Sale of Photographic Equipment</u></p> <p><u>45.F213030 Retail sale of Computing and Business Machinery Equipment</u></p> <p><u>46.E605010 Computing Equipments Installation Construction</u></p> <p><u>47.F113070 Wholesale of Telecom Instruments</u></p> <p><u>48.F213060 Retail Sale of Telecom Instruments</u></p>	<p>Article 2</p> <p>1. F113030 Wholesale of Precision Instruments</p> <p>2. F108040 Wholesale of Cosmetics</p> <p>3. F208040 Retail Sale of Cosmetics</p> <p>4. F108031 Wholesale of Drugs, Medical Goods</p> <p>5. F208031 Retail sale of Medical Equipment</p> <p>6. F113990 Wholesale of Other Machinery and Equipment</p> <p>7. F213990 :Retail Sale of Other Machinery and Equipment</p> <p>8. JE01010 Rental and Leasing Business</p> <p>9. I102010 Investment Consultancy.</p> <p>10.I103060 Management Consulting Services</p> <p>11.I199990 Other Consultancy</p> <p>12.F102170 Wholesale of Food and Grocery</p> <p>13.F203010 Retail sale of Food and Grocery.</p> <p>14.F110020 Wholesale of Spectacles</p> <p>15.F210020 Retail Sale of Spectacles</p> <p>16.F113020 Wholesale of Household Appliance.</p> <p>17.F213010 Retail Sale of Household Appliance</p> <p>18.F213040 Retail Sale of Precision Instruments</p> <p>19.F113060 Wholesale of Metrological Instruments</p> <p>20.F213050 Retail Sale of Metrological Instruments</p> <p>21.F401010 International Trade</p> <p>22.E601020 Electric Appliance Installation</p> <p>23.E604010 Machinery Installation Construction</p> <p>24.EZ05010 Apparatus Installation Construction.</p> <p>25.JA02990 Other Repair Shops</p> <p>26.F108021 Wholesale of Drugs and Medicines</p> <p>27.F208021 Retail Sale of Drugs and Medicines</p> <p><u>28.F108051 Wholesale of Cosmetics Ingredients</u></p> <p><u>29.F113010 Wholesale of Machinery.</u></p> <p><u>30.F113050 Wholesale of Computing and Business Machinery Equipment</u></p> <p><u>31.I301010 Software Design Services</u></p> <p><u>32.I301020 Data Processing Services</u></p> <p><u>33.I301030 Digital Information Supply Services</u></p> <p><u>34.I401010 General Advertising Services</u></p> <p><u>35.I501010 Product Designing</u></p> <p><u>36.I503010 Landscape and Interior Designing</u></p> <p><u>37.IZ13010 Internet Identify Services</u></p> <p><u>38.JD01010 Industry and Commerce Credit Bureau Services</u></p>	<p>Modified with the need of future business of the company, added business items fractionally.</p>

Revised Version	Before Revised	Description
<p>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</p>	<p>39.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>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</p> <p>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.</p> <p>The two events in preceding paragraph shall be approved as the resolution in directors' meeting and report in the shareholders' meeting.</p>	<p>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(<u>what is called "profit" refers to the pre-tax income before deducting it from .</u>) 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 (<u>including adjustment of undistributed earnings</u>) and then make appropriations to employee bonuses and remunerations to Directors</p> <p>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.</p> <p>The two events in preceding paragraph shall be approved as the resolution in directors' meeting and report in the shareholders' meeting.</p>	<p>Revise in accordance with the provisions in letter Ching Shang Tzu No. 10802432410 issued by Ministry of Economics Affairs on Jan. 9, 2020.</p>
<p>Article 22-1  After closing of accounts, if there are <u>earnings</u>, the <u>Company shall first pay the tax</u>, make up the losses for the preceding years and <u>then</u> 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 <u>with operational needs</u> or laws or regulations from competent agencies. In the event of undistributed earnings of current year, it shall combine <u>with accumulated undistributed earnings</u> to apply for formulating earning distribution proposal to Board of Directors and propose it in the shareholders' meeting for distribution of dividends to shareholders.</p> <p>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 <u>shall make an appropriation of not lower than 20%</u> 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.</p>	<p>Article 22-1  <u>The Company shall pay taxes and cover accumulated deficits</u> and then make an appropriation about 10% for legal reserve in the case of making profit earnings <u>at the close of business year after settlement</u>, while the legal reserve reaches the paid-in capital of the Company, it may not make an appropriation anymore, and it may make a provision or reverse to special reserve for the surplus. 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.</p> <p>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 <u>pay taxes and cover accumulated deficits (including adjustment of undistributed earnings)</u> and then make an appropriation of 10% <u>for legal reserve and not lower 20% of the undistributed earnings of current year for distributing dividends to shareholders</u>. 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.</p>	<p>Revise the Articles of Incorporation to adopt "Net profit after tax in this period plus other items other than the net profit after tax in this period shall be counted towards undistributable earnings of the year" as the basis for legal reserve to set aside in accordance with the provisions in letter Ching Shang Tzu No. 10802432410 issued by Ministry of Economics Affairs on Jan. 9, 2020.</p>

Revised Version	Before Revised	Description
<p>The company to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p>	<p>The company to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p>	
<p>Article 24  The Articles of Incorporation was established on September 18, 2003.  (The first ~ fifteen amendments skipped).  The seventeen amendments were on June 16, 2020.</p>	<p>Article 24  The Articles of Incorporation was established on September 18, 2003.  (The first ~ sixteen amendments skipped).</p>	<p>Added the amendment of date.</p>

## Appendix 8: Comparison Table to Amendments to the Rules of Procedure for Shareholders Meeting

March 12, 2020 the seventh amendment of the 13th Board of Directors

Revised Version	Before Revised	Description
<p><b>Article 2</b> Omit Paragraph 1 and 2</p> <p>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.</p> <p>The convene causes shall include election or dismissal of directors and independent directors, change of Article of Association, <u>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,</u> company dissolution, merger, division or every item in Paragraph 1, Article 185, The Company Act rather than proposing them as extempore motions <u>and the main content shall be explained. The main contents may be posted on the website designated by the securities competent authority or The Company, and the website shall be stated in the notice of convening.</u></p> <p><u>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.</u></p> <p>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. <u>A shareholder proposal for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u> 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.</p> <p>The Company shall make announcements for accepting the proposal of shareholder, <u>by</u></p>	<p><b>Article 2</b> Omit Paragraph 1 and 2</p> <p>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.</p> <p>The convene causes shall include election or dismissal of directors and independent directors, change of Article of Association, company dissolution, merger, division or every item in Paragraph 1, Article 185, The Company Act, Article 26-1, Article 43-6, Securities and Exchanges Act rather than proposing them as extempore motions.</p> <p>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, The Company Act may not be listed in the proposals by Board of Directors.</p> <p>The Company shall make announcements for accepting the proposal of shareholder,</p>	<p>Revise Paragraph 4 in accordance with Article 172, Paragraph 5 of the Company Act.</p> <p>Add Paragraph 5 to this Article in accordance with Letter Ching Shang Tzu No. 10702417500 on August 6, 2019.</p> <p>Revise relevant text in accordance with the amendment to Article 172-1, Paragraph 1 and the addition to Article 172-1, Paragraph 5 of the Company Act.</p> <p>Revise Article 172-1, Paragraph 2 of the Company Act.</p>

Revised Version	Before Revised	Description
<p><u>correspondence or electronic means,</u> reception place, reception duration before the final day for stock transfer prior to the date of annual shareholders' meeting. The reception duration shall not less than 10 days.</p>	<p>reception place, reception duration before the final day for stock transfer prior to the date of annual shareholders' meeting. The reception duration shall not less than 10 days.</p>	
<p><b>Article 9</b> In the case that Board of Directors convenes the shareholders' meeting, the agenda shall be stipulated by Board of Directors. <u>Relevant proposals (including extempore motion and the amendment to original agenda) shall be passed on a one agenda by one agenda basis.</u> 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, <u>where appropriate voting time shall be arranged.</u></p>	<p><b>Article 9</b> In the case that Board of Directors convenes the shareholders' meeting, the agenda shall be stipulated by Board of Directors and 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.</p>	<p>Starting from 2018, TWSE/GTSM Listed Companies shall fully adopt electronic voting and implement the spirit of agenda by agenda basis. Hence, Paragraph 1 was revised in accordance with this matter.</p> <p>To avoid the conveyor of the shareholders dancing over limiting shareholders of the shareholders and shareholders not able to vote in time and affecting the voting rights of shareholders.</p>
<p><b>Article12</b> 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 <u>should</u> adopt <u>electronic form or written</u> 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</p>	<p><b>Article12</b> 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 <u>may</u> adopt <u>written or electronic form</u> 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</p>	<p>Starting from 2018, TWSE/GTSM Listed Companies shall fully adopt electronic voting. The article was revised in accordance with this matter.</p>

Revised Version	Before Revised	Description
<p>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.</p>	<p>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.</p>	
<p><b>Article 14</b>  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 <u>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</u> shall be record on the proceeding and reserved permanently during the period of existence of the Company.</p>	<p><b>Article 14</b>  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 result shall be record on the proceeding and reserved permanently during the period of existence of the Company.</p>	<p>Revise the article by referencing Asian Corporate Governance Association to implement the spirit of agenda by agenda basis.</p>
<p><b>Article 19</b></p>	<p><b>Article 20</b></p>	<p>Revise the Article No.</p>

## Appendix 9: The Prohibition on Managers from Participation in Competitive Business

Director name	The release participation in items and position
Director: Company representative of Excelsior Medical Co., Ltd: Chang Ming-Cheng	Excelsior Medical Co., Ltd. President JIATE EXCELSIOR CO., LTD. Director BESTSMILE CO., LTD. Director VISIONFRONT CORPORATION Director EXCELSIOR RENAL SERVICE CO., Director Arich Enterprise Co., Ltd. Director Yu Kang International Medicine Co., Ltd. Director Excelsior Healthcare foundation Director Renal Laboratories Sdn. Bhd. Director Medi-Chem System Sdn. Bhd. Director
Director: Company representative of Excelsior Medical Co., Ltd: Hsuen Fu-Chuan	Fu Kang Medical Industry Co., Ltd. President Arich Enterprise Co., Ltd. Director
Fu Hui-Tung	EXCELSIOR ASSET MANAGEMENT CO., LTD. President
Fu Jo-Hsuan	Husan Hui Investment Co., Ltd. Director EXCELSIOR RENAL SERVICE CO., General Manager DYNAMIC MEDICAL TECHNOLOGIES (HONG KONG) ) LIMITED. Director EXCELSIOR ASSET MANAGEMENT CO., LTD. Director Renal Laboratories Sdn. Bhd. Director Medi-Chem System Sdn. Bhd. Director Asia Best Healthcare Long-term Care Corporation Director Chia En Long-term Care Corporation Director
Wang Ming-Ting	EXCELSIOR ASSET MANAGEMENT CO., LTD. Director and General Manager Chia En Long-term Care Corporation Director

## Appendix 10: 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 18, 2020 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 18 ,2020	
			Number of Share	Shareholding Ratio	Number of Share	Shareholding Ratio
Chairman	FU, HUI-TUNG	2018.06.14	0	0	0	0
Director	Wang Ming-Ting	2018.06.14	0	0	0	0
Director	FU, JO-HSUAN	2018.06.14	0	0	0	0
Director	Excelsior Medical Co., Ltd: legal representative : CHENG MING-CHENG HUANG CHIEH-CHING HSUEH FU-CHUAN	2018.06.14	11,550,425	38.50%	11,550,425	38.50%
Independent Director	CHEN, HSIEH-YU	2018.06.14	0	0	0	0
Independent Director	SHIH, MEI-HUI	2018.06.14	0	0	0	0
Independent Director	YANG, YU-MING	2018.06.14	0	0	0	0
Total shares held by whole directors of the Company.			11,550,425	38.50%	11,550,425	38.50%