

Stock number: 4129

United Orthopedic Corporation

2023 Annual Shareholders' Meeting

Proceedings Manual

June 15, 2023

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United Orthopedic Corporation
2023 Annual Shareholders' Meeting

- I. Time: 9:00 a.m. on Thursday, June 15, 2023
- II. Method for convening the meeting: Physical meeting
- III. Venue: B1F., No. 85, Zhong'an St., Zhonghe Dist., New Taipei City (No.4 Park Cultural and Creative Music Studio)
- IV. Meeting called to order (report the number of shares in attendance and announce the opening of meeting)
- V. Chairman's Address
- VI. Reports
 - (I) 2022 Business Report.
 - (II) 2022 Audit Committee's Review Report.
 - (III) To report 2022 Earnings Distribution in Cash Dividend.
 - (IV) To report 2022 Employees' and Directors' Remuneration Distribution Report.
 - (V) To report the issuance of the Company's Convertible Bonds.
 - (VI) Amendments to the Regulations Governing the Procedures for Board of Directors Meetings
- VII. Ratifications
 - (I) To ratify 2022 Business Reports and Financial Statements.
 - (II) To ratify 2022 Earnings Distribution.
- VIII. Matters for Discussion (I)
 - (I) Amendments to Articles of Incorporation.
- IX. Matters for Voting
 - (I) Election of Directors.
- X. Matters for Discussion (II)
 - (I) Lifting of Non-competition Restriction on the Company's Directors.
- XI. Other Proposals and Extempore Motions

Reports

(I) 2022 Business Reports

Explanation: Please refer to Attachment 1. (Pages 8-10)

(II) 2022 Audit Committee's Review Report

Explanation: Please refer to Attachment 2. (Page 11)

(III) 2022 Earnings distribution in cash dividend.

Explanation:

- I. The Company's 2022 net income after tax was NT\$ 221,532,882, after providing for a 10% legal reserve of NT\$ 23,329,461 plus other comprehensive income of NT\$ 11,761,726 for 2022 and reversing the special reserve provision of NT\$ 33,933,808. Total available surplus for distribution for the period was \$243,898,955 and a preferential dividend of \$22,700,340 on Type A Preferred Shares is proposed for distribution at \$2.34 per Preferred Share. The rest will be calculated based on the actual outstanding shares of 78,410,600 as of March 21, 2023 and it is proposed that a cash dividend of \$196,026,500 be distributed at NT\$ 2.50 per share.
- II. If there is change in the Company's number of outstanding shares on the ex-dividend record date, the Chairman of the Board is authorized to adjust the cash dividend payout in accordance with the number of outstanding shares as of the ex-dividend date.
- III. For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NT dollar, and the remaining amounts below NT\$1 will be rounded down. Shares below NT\$1 will be adjusted from the largest decimal place and the number of accounts in descending order until the total amount of cash dividends has been distributed.

(IV) 2022 Employees' and Directors' Remuneration Distribution.

Explanation: Pursuant to Article 20 of the Company's Articles of Incorporation, the Remuneration Committee submits to the Board of Directors a proposal for the distribution of the remuneration to employees and directors for 2022. It is proposed that 3% be allocated as the remuneration to directors which amounts

to NT\$ 10,556,059, and 12% be allocated to employees which amounts to NT\$ 42,224,235, all to be paid in cash.

(V) To report the issuance of the Company's Convertible Bonds.

Explanation: The Company's third domestic unsecured convertible bond issue, with a total face value of NT\$500 million, was issued on September 10, 2019 for a period of five years for 5,000 units. On September 10, 2022, the bond holders exercised their rights of redemption totaling NT\$ 466,200,000 and on December 1, 2022, the base date for redemption, the Company redeemed convertible corporate bonds totaling NT\$ 33,800,000. The over-the-counter trading was terminated on December 2, 2022.

(VI) Amendments to the Company's Regulations Governing the Procedures for Board of Directors Meetings.

Explanation: In accordance with the Financial Supervisory Commission's Jingguanzhengfazi No. 1110383263 dated August 5, 2022, the relevant provisions are amended, please refer to Attachment 6. (Pages 32-34)

Ratifications

Item I

Proposed by the Board

Proposal : To ratify 2022 Business Reports and Financial Statements.

Explanation: The Company's 2022 Financial statements, Consolidated Financial Statements and Business Reports have been completed. The Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young's CPAs Ma, Jun-Ting and Xu, Rong-Huang, and an audit report has been issued. The Financial Statements, Consolidated Financial Statements and Business Reports are hereby submitted for ratifications. Please refer to Attachments 1, 3 and 4. (Pages 8-10 and 12-30)

Resolutions :

Item II

Proposed by the Board

Proposal : To ratify 2022 Earnings Distribution Plan.

Explanation:

- I. The Company's 2022 net income after tax was NT\$ 221,532,882, after providing for a 10% legal reserve of NT\$ 23,329,461 plus other comprehensive income of

NT\$ 11,761,726 for 2022 and reversing the special reserve provision of NT\$ 33,933,808. Total available surplus for distribution for the period was \$243,898,955 and a preferential dividend of \$22,700,340 on Type A Preferred Shares is proposed for distribution at \$2.34 per Preferred Share. The rest will be calculated based on the actual outstanding shares of 78,410,600 as of March 21, 2023 and it is proposed that a cash dividend of \$196,026,500 be distributed at NT\$ 2.50 per share.

II. For 2022 Earnings Distribution Table, please refer to Attachment 5. (Page 31)

Resolutions :

Matters for Discussion (I)

Item I Proposed by the Board

To approve amendments to the “Articles of Incorporation”.

Note : In view of the growth of the Company's operations and the increase in the number of Directors, it is proposed to amend certain provisions of the Articles of Incorporation of the Company as set out in Attachment 7 (Page 35).

Resolutions :

Matters for Voting

Item I Proposed by the Board

Proposal : To re-elect the Directors of the Company.

Explanation:

- I. The term of office of the current Directors and Independent Directors of the Company will expire on June 15, 2023, and they are scheduled to be fully re-elected at the Annual Shareholders' Meeting.
- II. Nine directors were elected in accordance with the Articles of Incorporation of the Company, including four Independent Directors, elected by way of nomination of candidates, and the new Directors and Independent Directors took office after the shareholders' meeting for a term of three years, from June 16, 2023 to June 15, 2026.
- III. Directors are nominated through a candidate nomination system. The list of candidates approved by the second Board of Directors meeting on May 4, 2023 are as follows:

Information on the nominees for election as Directors:

Name	Shareholder Account Number	Number of Shares Held	Current Appointments	Experiences	Education
Lin, Yan-Shen	2	Common Stock - 2,752,441 shares Preferred stock 42,000 shares	Chairman, United Orthopedic Corporation UOC USA INC. Person in Charge Director, Shinva United Orthopedic Corporation President, A-Spine Asia Co., Ltd. Director, United Orthopedic Japan Inc. Chairman, UOC Europe Holding SA	Manager of 3M, USA Chairman, Chuan-Yi Investment Inc. Director, Chuan-Yi Investment Inc. Supervisor, Taiwan Home Care Co., Ltd Chairman, UOC America Holding Corporation	Public Relations, Shih Hsin University
Lin, Chun-Sheng	3	Common Stock - 1,905,743 shares Preferred stock 90,000 shares	Director, United Orthopedic Corporation	Director, Chuan-Yi Investment Inc. Vice Chairman, United Orthopedic Corporation Vice Chairman, United Medical Instruments Ltd. Director, United Orthopedic Japan Inc.	Industrial Management, New Taipei Municipal Tamsui Vocational High School
Hau, Hai-Yen	129	Common Stock - 698,646 shares Preferred stock 65,000 shares	Director, United Orthopedic Corporation Director, Sincere Medical Imaging Co. Ltd. Independent Director, Walton Advanced Engineering, Inc.	Associate Professor of Electrical Engineering, National Taiwan University Deputy General Manager, Financial business group of the Institute for Information Industry Chairman, Integrate Information System Co. Ltd.	Doctor of Philosophy in Electrical Engineering, Purdue University
Ng Chor Wah Patrick	4535	Common Stock - 1,470,139 shares Preferred stock 130,286 shares	Director, United Orthopedic Corporation Person-in-Charged, Lianmao Medical Technology (Shanghai) Co., Ltd. Person-in-Charged, Lianlu Technology Trade (Shanghai) Co., Ltd. Person-in-Charged, Shanghai Lianxin Biotechnology Co., Ltd. Director, World Vision China Foundation Limited Director, Onlycare Medical Company Ltd Director, Shinva United Orthopedic Corporation	Managing Director, ROLM (IBM) HK Limited Country Manager, Medtronic Sofamor Danek China Vice President, Stryker Pacific Ltd. Director, Onlycare Medical Company Ltd.	The Hong Kong Polytechnic University
Lin, Te-Chien	223	Common Stock - 1,052,461 shares Preferred stock 88,000 shares	Director, United Orthopedic Corporation Deputy General Manager, United Orthopedic Corporation General Manager, UOC USA Inc.	Senior Assistant Vice President of Overseas Business Department, Micro-Star International Co., Ltd. Managing Director, MSI Computer SARK Managing Director, MSI Iberia	Bachelor of Mechanical Engineering, National Taiwan University

Information on the nominees for election as Independent Directors:

Name	Shareholder Account Number	Number of Shares Held	Current Appointments	Experiences	Education
Liu, Chien-Lin	3803	Common Stock - 80,482 shares Preferred stock 107,505 shares	Consultant Doctor, Rongmin General Hospital, Taipei Consultant doctor, Cheng Hsin General Hospital Professor, College of Medicine, National Yang Ming Chiao Tung University Professor, National Defense Medical Center Chairman, Chinese Orthopedic Promotion Society Member of Spine and Spinal Cord Professional Committee, Chinese Association of Rehabilitation Medicine Member of Orthopedic Section of Cross-straits Medicine Exchange Association	Director of Orthopedics Department and Deputy Dean of Medical Care, Taipei Veterans General Hospital Professor and Director of Orthopedics, National Yang-Ming University Dean, Lotung Poh-Ai Hospital Chairman, Taiwan Spine Society Chairman, Taiwan Orthopedic Association	Medical Studies, National Defense Medical Center
Lee, Kuen-Chang	N/A	0 shares	Professor of Accounting, Soochow University Professor, Graduate Institute of Law, Soochow University Independent Director, Eastern Media International Corporation Independent Director, Tatung Fine Chemicals Co. Independent Director, Onano Industrial Corp.	Committee Member of Taiwan Corporate Governance Association CEO, Premier Think Tank Co., Ltd. CEO, Fintech Development Center of Business School, Soochow University	Doctor in Management (Accounting and Financial Management Division), National Central University Master in Accounting, Soochow University
Wu, Meng-Da	N/A	0 shares	Partnership CPA, Crowe (TW) CPAs Adjunct Associate Professor, Department of Accounting, National Taipei University of Business Independent Director, FunYours Technology Co., Ltd. Independent Director, Gourmet-KY Member of Valuation and Forensic Accounting Committee, National Federation of CPA Associations of the R.O.C.	Director, Taipei City CPA Association Director of PwC Taiwan Team Leader, Deloitte & Touche Member of Audit Standard Committee, Accounting Research and Development Foundation Independent Director, Gourmet Master Co., Ltd.	Master, Graduate Institute of Accounting, National Taiwan University Bachelor in Accounting, National Chengchi University
Chen, Li-Ju	N/A	0 shares	Person-in-Charge, Li-Ru Chen Accounting Firm Management Consultant, Advanced Chen International Co., Ltd.	Audit Team Leader, Deloitte & Touche Audit Manager, Micro-Star International Co., Ltd. Finance Manager, Mycenax Biotech Inc. Chairman, Ping Nan CATV Co., Ltd. Supervisor, Eastern Broadcasting Co., Ltd. Project Finance Consultant, Carlyle Asia Investment Advisors Limited Director of Operations Management, Comtrend Corporation General Manager, Administrative Finance, Melchers Trading GMBH (Taiwan Branch)	Master of Business Administration, National Chengchi University Bachelor in Accounting, National Chengchi University

IV. Please indicate your proposal selection:

Election Results

Matters for Discussion (II)

Item I

Proposed by the Board

Proposal : To approve lifting of Non-competition Restriction on the Company's Directors

Explanation:

- I. According to Section 209 of the Companies Act, a Director who acts within the scope of the Company's business for himself or another person shall explain the significance of his act to the members at the shareholders' meeting and obtain their permission.
- II. The newly appointed directors of the Company or those who invest in or operate other companies related to or similar to the business scope of the Company shall, in accordance with the law, request the shareholders' meeting to agree to lift the restrictions on non-competition of the newly elected directors of the Company and the representatives appointed by the corporate directors. Please see the table below.

Name	Concurrent Appointment
Lin, Yan-Shen	Director, Shinva United Orthopedic Corporation President, A-Spine Asia Co., Ltd. Director, United Orthopedic Japan Inc. Chairman, UOC Europe Holding SA
Hau, Hai-Yen	Director, Sincere Medical Imaging Co. Ltd.
Ng Chor Wah Patrick	Director, Shinva United Orthopedic Corporation Person-in-Charged, Lianmao Medical Technology (Shanghai) Co., Ltd. Person-in-Charged, Lianlu Technology Trade (Shanghai) Co., Ltd. Person-in-Charged, Shanghai Lianxin Biotechnology Co., Ltd. Director, Onlycare Medical Company Ltd

Resolutions :

Other Proposals and Extempore Motions

Adjournment

Attachment (I)

Business Report

(I) Business Strategy

- A. With the mitigating impact of the COVID-19 epidemic, the Company's revenue grew by 23.3% in 2022 compared to the previous year. The sales of artificial joints in various countries have gradually reached the level of previous years. It is expected that due to the control of the epidemic, the global artificial joint market will be active in 2023. The Company's global layout and the strategy of focusing on directly-operated branches have gradually paid off. With the base established in the past, it is believed to have a positive impact on the revenue in 2023.
- B. In 2023, we will launch a high-porosity coated cementless knee joint system. This is a product aimed at the high-end market in the United States. It is developed in cooperation with American physicians, professors and experts. It is believed that the influence of physician groups will help open up the US market. Ongoing research and development projects include the modular shoulder joint system, which is also jointly developed with the American physician group through patent transfer, which will allow the Company to enter the artificial shoulder joint market. There are also modular revision hip femur joints and double-motion artificial total hip joints, all of which are planned to apply for certification in 2023 to make the Company's portfolio more diversified and facilitate the market promotion.
- C. In the competition with the world-class brands, it is absolutely necessary to continuously increase the visibility and popularity of the Company's brand and products. The Company has been adhering to make more customers see us, understand us, and seek to develop and expand more markets by participating in web conferences, self-organized medical societies, publishing clinical reports, and other activities within a controllable marketing budget.

(II) Business Plan Implementation Results:

The net operating income of the Company in 2022 was NT\$ 2,149,743 thousand, an increase of 27.8% compared with NT\$ 1,682,232 thousand in 2021. The net consolidated operating income in 2022 was NT\$ 3,168,680 thousand, an increase of 23.3% compared with NT\$ 2,570,866 thousand in 2021. In terms of profit, the net profit after tax in 2022 was NT\$ 223,581 thousand, compared with the net profit after tax of NT\$ 52,877 thousand in 2021, there was an increase of NT\$ 170,704 thousand.

Analysis of individual operating income/expenses and profitability

Unit: NT\$1,000

Items		Year	
		2022	2021
Financial Income and Expenses	Net revenue	2,149,743	1,682,232
	Gross profit	1,073,133	835,172
	Net operating profit	326,138	199,967
	After-tax profit or loss	221,533	52,271
Profitability	Return on assets (%)	5.01%	1.34%
	Return on Shareholders' Equity (%)	7.75%	1.88%
	Ratio of operating income to paid-in capital (%)	37.01%	22.69%
	Ratio of Profit Before Income Tax to Paid-in Capital (%)	9.98%	2.95%
	Net income ratio (%)	10.30%	3.10%
	Basic earnings per share after tax (NT\$)	2.84	0.37

Analysis of consolidated operating income/expenses and profitability

Unit: NT\$1,000

Items		Year	
		2022	2021
Financial Income and Expenses	Net revenue	3,168,680	2,570,866
	Gross profit	2,355,716	1,843,250
	Net operating profit	341,582	161,425
	After-tax profit or loss	223,581	52,877
Profitability	Return on assets (%)	4.47%	1.23%
	Return on Shareholders' Equity (%)	7.56%	1.84%
	Ratio of operating income to paid-in capital (%)	38.76%	18.32%
	Ratio of Profit Before Income Tax to Paid-in Capital (%)	10.11%	2.74%
	Net income ratio (%)	7.05%	2.05%
	Basic earnings per share after tax (NT\$)	2.84	0.37

(III) Research and development status:

In 2022, the Group's research and development expenses, including costs for research

in development, amounted to NT\$ 201,591 thousand, an increase of NT\$ 32,836 thousand over 2021, representing 6.4% of 2022 revenue.

Person in Charge: Lin, Yan-Shen Manager: Lin, Yan-Shen Financial Officer: Teng, Yuan-Chang

Attachment (II)

United Orthopedic Corporation

Audit Committee's Audit Report

The Board of Directors prepared the Company's 2022 Business Report, Financial Statements, Consolidated Financial Statements, and Earnings Distribution Plan, which were reviewed and considered to be correct and accurate by the Audit Committee. Pursuant to Article 219 of the Company Act, we hereby submit this Report for your reference.

Respectfully submitted to

2023 Annual Shareholders' Meeting

United Orthopedic Corporation

Convener of the Audit Committee: Wu, Meng-Da

March 21, 2023

Attachment (III)

Independent Auditor's Report

To United Orthopedic Corporation:

Audit opinion

We have audited the parent company only balance sheets of United Orthopedic Corporation as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial status of United Orthopedic Corporation as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for the Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Auditing Standards. Our CPAs will further explain the responsibilities of auditors during the audit of individual financial statements based on the principles mentioned below. The independent accountants of Ernst & Young shall comply with the ethical code of conduct for accountants and remain neutral to United Orthopedic Corporation in fulfilling their duties. We believe that the proofs for audit obtained are sufficient and appropriate and provide a basis for our opinion.

Key Audit Items

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of United Orthopedic Corporation for the year ended December 31, 2022 based on our professional judgment. These items have been covered in the verification process of the overall parent company only financial statements and the audit opinion; hence, the CPA shall not express a separate opinion on these items.

Inventory valuation

The net inventories of United Orthopedic Corporation were NT\$663,677,000, which accounted for 14% of the total assets and is considered significant to the parent company only financial statements. With the continuous innovation of orthopedic supplies and equipment production technology, the inventory may become outdated or the selling price may drop. The estimated net realizable value and obsolescence loss involve significant management judgment. We believed that inventory valuation was of significance to the audit of parent company only financial statements; hence, we determined inventory valuation to be a key audit item. Our audit procedures include, but are not limited to, the following audit procedures: understanding and evaluating the effectiveness of the internal control established by the management against loss for market price decline and obsolete and slow-moving inventories. We observed stocktaking on-site to ensure the conditions and safekeeping of their inventories. We evaluated the appropriateness of management's accounting policies on obsolescence and out of date inventories, including the identification of obsolescence and out-of-date inventories. We randomly selected inventory samples to audit their documents up to sales

or purchase invoices and carried out verification over inventory valuation. We also considered the appropriateness of inventory disclosures in Note 5 and Note 6 to the parent company only financial statements.

Revenue recognition

United Orthopedic Corporation's primary products are orthopedic implants - artificial hip joints, artificial knee joints, trauma-treatment products, and OEM products, and their revenue is NT\$ 2,149,743,000, which is significant to the parent company only financial statements. Due to the characteristics of the industry, performance obligations are not satisfied until the customer has gained control of the goods. We believe that the recognition of revenue from contracts with customers was of significance to the audit of parent company only financial statements; hence, we determine revenue recognition to be a key audit item. Our audit procedures include but are not limited to the following audit procedures: evaluating the appropriateness of the accounting policy for revenue recognition, learning and testing the effectiveness of internal control established by management for sales cycle. We ensured that revenue is recognized when control over the product was transferred, including the selection of important customers as samples to verify transaction terms and relevant documents. We conducted analytical procedures on product types, regions and monthly gross margins. We also conducted analytical procedures on significant sales returns and allowance to understand the reasons for those transactions. We run the sales cut-off tests before and after the balance sheet date. We also considered the appropriateness of sales revenue disclosures in Note 6 to the consolidated financial statements.

Recognition of intangible assets arising from internal development

The additions to intangible assets generated from internal development of United Orthopedic Corporation in 2022 was NT\$ 34,334 thousand, which is significant to the parent company only financial statements. United Orthopedic Corporation invested a significant amount of development costs on orthopedics equipment, including hip/knee replacements and surgical instruments, due to their corporate structure; in addition, the expenditures of capital has been transformed into intangible assets generated by internal developments. In order to meet the six capitalization requirements for development stage stated in IAS 38, United Orthopedic Corporation needed to provide technical feasibility assessments by project types to identify that a particular technology had reached technical feasibility. Moreover, the finance department shall conduct capitalization project assessments by development project. The management executed the aforementioned assessments on individual project based on internal and external information. As management's judgment and assumptions were involved, we determined this to be a key audit item. Our audit procedures included, but not limited to, understanding and evaluating the appropriateness of internal control established by the management for intangible assets generated by internal development and testing its effectiveness, and reviewing whether the accounting policies for the capitalization of intangible assets generated by internal development are appropriate. The audit process involves taking a sample of project reports, reviewing management's assessment of the technical feasibility of intangible assets and future economic benefits, selecting various expenditures attributable to the development stage, and checking relevant receipts, invoices and vouchers to confirm the appropriateness of project cost attribution. We also considered the appropriateness of intangible assets disclosures in Note 5 and Note 6 to the consolidated financial statements.

The responsibility of the management and governance units for the parent company only financial statements

To ensure that the parent company only financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and prepare and maintain necessary internal control procedures pertaining to the parent company only financial statements.

In preparing the parent company only financial statements, the responsibility of management includes the assessment of the sustainability of United Orthopedic Corporation, disclosure of related matters, and the adoption of a consistent accounting basis, unless the management intends to liquidate United Orthopedic Corporation, terminate the business, or no practicable measures other than liquidation or termination of the business can be taken.

The governing units (including audit committee or supervisor) of United Orthopedic Corporation shall be responsible for supervising the financial reporting procedures.

Responsibilities of the CPA in auditing the Individual Financial Statements

The CPA's objective while auditing the individual financial statements was to provide reasonable assurance to whether they contained any material misstatements due to fraudulence or errors and to issue the audit report. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misrepresentations in individual financial statements will be detected. There may still be material misstatements due to fraud or errors. If the misstated individual amounts or aggregated sums could influence the economic decisions made by the readers of the individual financial statements, it will be deemed as material.

We apply professional judgment and professional scepticism in our audits in accordance with auditing standards. The CPAs have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the parent company only financial statements as a result of fraudulence or errors, designing and executing proper countermeasures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the audit opinion As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud is greater than that due to errors.
2. Obtaining necessary knowledge about the internal control mechanism that is closely related to audit work and designing the appropriate audit procedure without the intention to express any opinion about the validity of the internal control of United Orthopedic Corporation.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly
4. Based on the proofs for audit, the CPAs made conclusions on the appropriateness of the use of going-concern accounting procedures and if any significant doubt exists about the capacity of the United Orthopedic Corporation to continue operations or whether any significant uncertainty existed. If the CPAs consider that material uncertainty exists in these matters or conditions, the CPAs are required to alert in their audit report the users of the individual financial statements to pay attention to relevant disclosures in the statements, or to revise the audit opinion when such

disclosure is inappropriate. Our conclusion is based on the proof available for audit as of the date of the audit report. However, the future events or situations may lead to loss of sustained operation of United Orthopedic Corporation.

5. Evaluating the overall expression, structure and contents of the individual financial statement (including related Explanations) and whether the parent company only financial statements could appropriately express related transactions and events
6. Obtaining sufficient and appropriate audit evidence with regard to the financial information of the individual entities in the Group to establish our opinion about the parent company only financial statements The CPAs are responsible for guidance, supervision and implementation of the group's audit, and for developing audit report on the group.

Communications between us and the company's governing body take account of the scope and timing of the planned audit and significant audit findings, including any significant deficiencies in the internal controls during the audit process.

We have also provided the governing body with our statement of independence in accordance with the professional ethics of accountants and communicated with the governing body the facts and issues that may be deemed to have an influence on our independence as accountants as well as other matters (including related protective measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of United Orthopedic Corporation's parent company only financial statements for the year ended December 31, 2022. Such matters have been explicitly highlighted in the audit report. This is carefully done, unless legal regulations prohibit the public disclosure of specific items, in extremely rare cases and with reasonable anticipation, where we have decided not to communicate about specific items as the negative effects of such disclosure would far exceed the benefits gained from the perspective of public interest.

Ernst & Young Taiwan

Publication of corporate financial statements approved by the authorities

Approved Document: Jin-Guan-Zheng-Shen-Zi No. 1060027042
Jin-Guan-Zheng (6) Zi No. 0930133943

Ma, Chun-Ting

CPA:

Hsu, Jung-Huang

March 21, 2023

United Orthopedic Corporation
Individual Balance Sheet
December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	IV and VI.1	\$232,702	5	\$484,385	11
1110	Financial assets measured at fair value through profit or loss - current	IV and VI.2	13,401	-	-	-
1150	Net notes receivable	IV, VI.5 and VI.19	1,412	-	2,377	-
1170	Net accounts receivable	IV, VI.6 and VI.19	343,813	7	260,423	6
1180	Net accounts receivable - related parties	IV, VI.6, VI.19 and VII	855,098	18	505,841	11
1200	Other receivables	IV	5,703	-	13,260	-
1210	Net other receivables - related parties	IV and VII	3,232	-	528	-
1220	Income tax assets in the current period	IV and VI.24	-	-	103	-
130x	Inventory	IV and VI.7	663,677	14	600,745	13
1410	Prepayment		22,479	1	14,195	1
1470	Other current assets		887	-	71	-
11xx	Total current assets		<u>2,142,404</u>	<u>45</u>	<u>1,881,928</u>	<u>42</u>
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income - non-current	IV and VI.3	51,763	1	52,383	1
1535	Financial assets at amortized cost - non-current	IV, VI.4 and VIII	6,980	-	8,820	-
1550	Investment using equity method	IV and VI.8	1,172,273	25	1,276,360	28
1600	Property, plant and equipment	IV, VI.9 and VIII	806,111	17	869,164	19
1755	Right-of-use Assets	IV and VI.20	131,661	3	132,936	3
1780	Intangible assets	IV and VI.10	157,844	3	147,586	3
1840	Deferred income tax assets	IV and VI.24	92,319	2	87,119	2
1900	Other non-current assets	VII	200,846	4	104,719	2
1975	Net defined benefit assets - non-current	IV and VI.15	8,313	-	-	-
15xx	Total non-current assets		<u>2,628,110</u>	<u>55</u>	<u>2,679,087</u>	<u>58</u>
1xxx	Total assets		<u>\$4,770,514</u>	<u>100</u>	<u>\$4,561,015</u>	<u>100</u>

Chairman of the Board: Lin, Yan-Shen

Manager: Lin, Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Balance Sheet (continued)
December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Code	Liabilities and Equity Accounting Items	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loan	IV and VI.11	\$536,317	11	\$639,066	14
2110	Financial liabilities at fair value through profit and loss - current	IV, VI.12 and VI.13	-	-	6,250	-
2130	Provision - current	IV and VI.18	7,182	-	6,859	-
2150	Notes payable	IV	1,994	-	186	-
2170	Accounts payable	IV	122,085	3	66,560	2
2180	Accounts payable - related parties	IV and VII	17,769	-	19,394	-
2200	Other payables	IV	371,483	8	242,489	6
2220	Other payables - related parties	IV and VII	1,550	-	-	-
2230	Current income tax liabilities	IV and VI.24	70,688	1	35,993	1
2280	Lease liabilities - current	IV and VI.20	5,231	-	5,646	-
2300	Other current liabilities		7,925	-	10,491	-
2321	Corporate bonds that mature or execute the right to sell back within one year or one business cycle	IV and VI.13	-	-	484,555	11
2322	Long-term loan due within one year or one operating cycle	IV and VI.14	31,591	1	8,341	-
21xx	Total current liabilities		1,173,815	24	1,525,830	34
	Non-current liabilities					
2540	Long-term loans	IV and VI.14	405,509	9	106,350	2
2570	Deferred income tax liabilities	IV and VI.24	73	-	78	-
2580	Lease liabilities - non-current	IV and VI.20	130,051	3	130,090	3
2600	Other non-current liabilities		669	-	669	-
2630	Long-term deferred income	IV and VI.8	65,694	1	72,239	2
2640	Net defined benefit liability - non-current	IV and VI.15	-	-	3,423	-
25xx	Total non-current liabilities		601,996	13	312,849	7
2xxx	Total Liabilities		1,775,811	37	1,838,679	41
	Equity	IV, VI.13, VI.16 and VI.26				
3100	Capital					
3110	Capital - common stock		781,316	16	781,116	17
3120	Preferred stock capital		99,800	2	100,000	2
	Total capital		881,116	18	881,116	19
3200	Capital reserve		1,743,729	37	1,743,438	38
3300	Retained earnings					
3310	Statutory surplus reserve		102,629	2	97,755	2
3320	Special surplus reserve		132,311	3	88,451	2
3350	Undistributed earnings		233,295	5	48,734	1
	Total retained earnings		468,235	10	234,940	5
3400	Other Equity					
3410	Difference on translation of financial statements of foreign operations		(93,938)	(2)	(133,265)	(3)
3420	Unrealized profit or loss of financial assets in other comprehensive income measured at fair value through profit and loss		(4,439)	-	(3,893)	-
	Total other equity		(98,377)	(2)	(137,158)	(3)
3xxx	Total Equity		2,994,703	63	2,722,336	59
	Total liabilities and equity		\$4,770,514	100	\$4,561,015	100

Chairman of the Board: Lin, Yan-Shen

Manager: Lin, Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation
Individual Income Statement
January 1 to December 31, 2022 and 2021

		Unit: NT\$ Thousand				
Code	Accounting Items	Notes	2,022		2,021	
			Amount	%	Amount	%
4000	Operating revenue	IV, VI.18 and VII	\$2,149,743	100	\$1,682,232	100
5000	Operating costs	IV, VI.7, VI.20, VI.21 and VII	1,010,311	47	795,599	47
5900	Gross profit		1,139,432	53	886,633	53
5920	Unrealized sales gain		(66,299)	(3)	(51,461)	(3)
5950	Net gross profit		1,073,133	50	835,172	50
6000	Operating expenses	IV, VI.19, VI.20, VI.21 and VII				
6100	Marketing expenses		448,434	21	391,967	23
6200	Administrative Expenses		159,717	7	134,187	8
6300	R&D Expenses		139,665	6	114,249	7
6450	Expected credit impairment (gain) loss		(821)	-	(5,198)	-
	Total operating expenses		746,995	34	635,205	38
6900	Operating Profit		326,138	16	199,967	12
7000	Non-operating income and expenses	IV, VI.8, VI.22 and VII				
7100	Interest Income		4,623	-	2,733	-
7010	Other income		23,417	1	7,860	-
7020	Other profit and loss		41,451	2	(54,596)	(3)
7050	Financial costs		(15,582)	(1)	(13,653)	(1)
7775	Losses from subsidiaries, affiliates and joint ventures recognized under the equity method					
	Share of		(80,959)	(4)	(61,880)	(3)
	Total non-operating income and expenses		(27,050)	(2)	(119,536)	(7)
7900	Net income before tax		299,088	14	80,431	5
7950	Income tax expenses	IV and VI.24	(77,555)	(4)	(28,160)	(2)
8200	Current period net profit		221,533	10	52,271	3
8300	Other comprehensive income	IV and VI.23				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plan		11,762	1	(3,389)	-
8316	Investments in equity instruments measured at fair value through other comprehensive income					
	Unrealized gain or loss		(620)	-	(161)	-
8320	subsidiaries, affiliates and joint ventures recognized under the equity method					
	Share of other comprehensive income - items not reclassified to profit or loss		74	-	(100)	-
8360	Items that may be reclassified to profit or loss					
8380	subsidiaries, affiliates and joint ventures recognized under the equity method					
	Share of other comprehensive income - items that may be reclassified to profit or loss		39,327	2	(48,447)	(3)
	Other comprehensive income for the current period (net after tax)		50,543	3	(52,097)	(3)
8500	Total Comprehensive Income for the Period		\$272,076	13	\$174	-
	Earnings per share (NT\$)	IV and VI.25				
9750	Basic earnings per share		\$2.84		\$0.37	
9850	Diluted earnings per share		\$2.51		\$0.37	

Chairman: Lin, Yan-Shen

Manager: Lin, Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation
Individual Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTS Thousand

Code	Items	Share capital			Retained earnings			Other Equity			Total equity
		Capital - common stock 3100	Preferred stock capital 3120	Capital reserve 3200	Statutory surplus reserve 3310	Special surplus reserve 3320	Undistribut ed earnings 3350	Translation of the Financial Statements of Exchange 3410	comprehensive Gain or loss at fair value financial assets 3420	Employees unearned remuneration 3491	
A1	Balance as of January 1, 2021	\$783,898	\$100,000	\$1,756,071	\$89,304	\$101,160	\$84,512	\$(84,818)	\$(3,632)	\$(7,736)	\$2,818,759
	Earnings appropriation and distribution in 2020										
B1	Recognition of statutory surplus reserve	-	-	-	8,451	-	(8,451)	-	-	-	-
B5	Cash dividend-common stock	-	-	-	-	-	(65,370)	-	-	-	(65,370)
B7	Cash dividends on preferred shares	-	-	-	-	-	(23,400)	-	-	-	(23,400)
B17	Reversal of special reserve	-	-	-	-	(12,709)	12,709	-	-	-	-
D1	2021 net profit	-	-	-	-	-	52,271	-	-	-	52,271
D3	Other comprehensive income in 2021	-	-	-	-	-	(3,389)	(48,447)	(261)	-	(52,097)
D5	Total Comprehensive Income for the Period	-	-	-	-	-	48,882	(48,447)	(261)	-	174
M7	Changes in equity of ownership of subsidiaries	-	-	-	-	-	(148)	-	-	-	(148)
N2	Share-based payment transaction - restricted employee entitlement to new shares	(2,782)	-	(12,633)	-	-	-	-	-	7,736	(7,679)
Z1	Balance as of December 31, 2021	\$781,116	\$100,000	\$1,743,438	\$97,755	\$88,451	\$48,734	\$(133,265)	\$(3,893)	\$-	\$2,722,336
A1	Balance as of January 1, 2022	\$781,116	\$100,000	\$1,743,438	\$97,755	\$88,451	\$48,734	\$(133,265)	\$(3,893)	\$-	\$2,722,336
	Earnings appropriation and distribution in 2021										
B1	Recognition of statutory surplus reserve	-	-	-	4,874	-	(4,874)	-	-	-	-
B3	Appropriate statutory surplus reserve	-	-	-	-	43,860	(43,860)	-	-	-	-
D1	2022 Net profit	-	-	-	-	-	221,533	-	-	-	221,533
D3	Other comprehensive income 2022	-	-	-	-	-	11,762	39,327	(546)	-	50,543
D5	Total Comprehensive Income for the Period	-	-	-	-	-	233,295	39,327	(546)	-	272,076
J1	Conversion of Convertible Preferred Shares	200	(200)	-	-	-	-	-	-	-	-
M7	Changes in equity of ownership of subsidiaries	-	-	291	-	-	-	-	-	-	291
Z1	Balance as of December 31, 2022	\$781,316	\$99,800	\$1,743,729	\$102,629	\$132,311	\$233,295	\$(93,938)	\$(4,439)	\$-	\$2,994,703

Chairman of the Board: Lin, Yan-Shen

Manager: Lin, Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation
Individual Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Code	Items	2022	2021
		Amount	Amount
AAAA	Cash flow from operating activities:		
A10000	Current net profit before tax	\$299,088	\$80,431
A20000	Adjustment items:		
A20010	Income and expense items:		
A20100	Depreciation expenses	117,185	115,753
A20200	Amortization expense	27,661	24,588
A20300	Expected credit impairment loss	(821)	(5,198)
A20400	Net loss on financial liabilities measured at fair value through profit and loss	7,507	4,982
A20900	Interest Expense	15,582	13,653
A21200	Interest Income	(4,623)	(2,733)
A21900	Share-based payment remuneration cost	-	(7,679)
A22300	Recognized shares of loss of subsidiaries, associates and joint ventures accounted for using the equity method	80,959	61,880
A22500	Loss on disposal of property, plant and equipment	2,591	18
A22800	Loss on disposal of intangible assets	-	1,739
A24000	Unrealized sales gain	66,299	51,461
A24200	Gain on buyback of corporate bonds payable	(816)	-
A29900	Other items	(6,545)	(1,185)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Decrease (increase) in notes receivable	965	(784)
A31150	Increases in accounts receivable	(82,569)	(21,980)
A31160	Increase in accounts receivable - related parties	(438,569)	(43,152)
A31180	Increases in other receivables	(4,429)	(11,358)
A31190	(Increase) decrease in other receivables - related parties	(2,704)	139
A31200	(Increase) decrease in inventories	(62,932)	4,748
A31230	(Increase) decrease in prepayments	(8,284)	5,810
A31240	Increase in other current assets	(816)	(10)
A32125	Increases in contract liability	323	4,377
A32130	Increase (decrease) in notes payable	1,808	(1,010)
A32150	Increase (decrease) in accounts payable	55,525	(5,971)
A32160	Decrease in accounts payable - related parties	(1,625)	(1,244)
A32180	Increase (decrease) in other payables	136,843	(12,331)
A32190	Increase in other payable - related parties	1,550	-
A32230	Increase (decrease) in other current liabilities	(2,566)	320
A32240	Increase (decrease) in net defined benefit liabilities	26	(31)
A33000	Cash inflow generated by operation	196,613	255,233
A33100	Interest income received	4,119	3,116
A33200	Dividend received	15,135	20,179
A33500	Income Tax Paid	(35,472)	(10,317)
AAAA	Net cash inflow from operating activities	180,395	268,211
BBBB	Cash flow from investment activities		
B00040	Acquisition of financial assets at amortized cost	(5,297)	-
B00050	Proceeds from sale of financial assets at amortized cost	7,137	6,033
B00100	Acquisition of financial assets at fair value through profit or loss	(15,000)	-
B00200	Disposal of financial assets at fair value through profit or loss	-	27,871
B01800	Acquisition of the investment using equity method	(19,023)	(20,792)
B01900	Disposal of investments accounted for using the equity method	411	-
B02700	Acquisition of property, plant and equipment	(54,455)	(41,150)
B02800	Disposal of property, plant and equipment	129	81
B03700	Increases in refundable deposits	(4,048)	(7,085)
B04500	Intangible assets acquired	(37,119)	(26,339)
B06700	Increase in other non-current assets	(1)	-
B07100	Increase in prepayment for equipment	(7,914)	(2,263)
BBBB	Net cash outflow from investing activities	(135,180)	(63,644)
CCCC	Cash from financing activities		
C00100	Increases in short-term loans	2,963,959	2,233,436
C00200	Decrease in short-term loans	(3,066,708)	(2,332,489)
C01300	Repayment of corporate bonds	(500,000)	-
C01600	Long-term loans borrowed	335,000	-
C01700	Long-term loans repaid	(12,591)	(71,091)
C03000	Decrease in guarantee deposits	-	(54)
C04020	Repayment of lease principal	(7,870)	(7,521)
C04500	Cash dividend payout	-	(88,770)
C05600	Interest Paid	(8,688)	(5,829)
CCCC	Net cash inflow from financing activities	(296,898)	(272,318)
DDDD	Impacts on cash and cash equivalents from changes in exchange rates	-	(1,881)
EEEE	Decrease in current cash and cash equivalents	(251,683)	(69,632)
E00100	Balance of Cash and Cash Equivalents, Beginning of Year	484,385	554,017
E00200	Balance of Cash and Cash Equivalents, End of Year	\$232,702	\$484,385

Chairman of the Board: Lin, Yan-Shen General Manager: Lin Yan-Shen Accounting Supervisor: Teng, Yuan-Chang

Attachment (IV)

Independent Auditor's Report

To United Orthopedic Corporation:

Audit opinion

We have audited the consolidated balance sheets of United Orthopedic Corporation as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to consolidated financial statements (including summary of significant accounting policies) for the years then ended.

In the opinion of our accountants, the above consolidated financial statements are, in all material respects, prepared in accordance with the Standards for the Preparation of Financial Statements by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Guidance Interpretations and Interpretation Announcements approved and promulgated by the Financial Supervisory Commission, and are sufficient to fairly represent the combined financial position of United Orthopedic Corporation and its subsidiaries as at December 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flows as at January 1 to 31 December, 2022 and 2021.

Basis for the Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Auditing Standards. Our CPA will further explain the responsibilities of auditors during the audit of consolidated financial statements on the principles below. The independent accountants of Ernst & Young shall comply with the ethical code of conduct for accountants and remain neutral to United Orthopedic Corporation and its subsidiaries in fulfilling their duties. We believe that the proofs for audit obtained are sufficient and appropriate and provide a basis for our opinion.

Key Audit Items

The key audit matters refer to the most important matters regarding the audit of the consolidated financial statements of United Orthopedic Corporation and its subsidiaries for 2022 according to the professional judgment of our accountant. These items have been covered in the verification process of the overall consolidated financial statements and the audit opinions; hence, the CPA shall not express separate opinions on these items.

Inventory valuation

The net inventory of United Orthopedic Corporation and its subsidiaries on December 31, 2022 was NT \$1,300,959 thousand, accounting for 23% of the total consolidated assets, which is significant for the consolidated financial statements. With the continuous innovation of orthopedic supplies and equipment production technology, the inventory may become outdated or the selling price may drop. The estimated net realizable value and obsolescence loss involve significant management judgment. We believed that inventory valuation was of significance to the audit of parent company only financial statements; hence, we determined inventory valuation to be a key audit item. Our audit procedures include, but are not limited to, the following audit procedures: understanding and evaluating the effectiveness of the internal control established by the management against loss for market price

decline and obsolete and slow-moving inventories. We observed stocktaking on-site to ensure the conditions and safekeeping of their inventories. We evaluated the appropriateness of management's accounting policies on obsolescence and out of date inventories, including the identification of obsolescence and out-of-date inventories. We randomly selected inventory samples to audit their documents up to sales or purchase invoices and carried out verification over inventory valuation. We also considered the appropriateness of inventory disclosures in Note 5 and Note 6 to the consolidated financial statements.

Revenue recognition

United Orthopedic Corporation and its subsidiaries mainly sell products such as orthopedic equipment - artificial knee joint, artificial knee joint, wound and substitute work products. In 2022, the revenue of NT\$ 3,168,680 thousand was recognized, which is significant for the consolidated financial statements. Due to the characteristics of the industry, performance obligations are not satisfied until the customer has gained control of the goods. We believe that the recognition of revenue from contracts with customers was of significance to the audit of the consolidated financial statements; hence, we determine revenue recognition to be a key audit item. Our audit procedures include but are not limited to the following audit procedures: evaluating the appropriateness of the accounting policy for revenue recognition, learning and testing the effectiveness of internal control established by management for sales cycle. We ensured that revenue is recognized when control over the product was transferred, including the selection of important customers as samples to verify transaction terms and relevant documents. We conducted analytical procedures on product types, regions and monthly gross margins. We also conducted analytical procedures on significant sales returns and allowance to understand the reasons for those transactions. We run the sales cut-off tests before and after the balance sheet date. We also considered the appropriateness of sales revenue disclosures in Note 6 to the consolidated financial statements.

Recognition of intangible assets arising from internal development

The additions to intangible assets generated from internal development of United Orthopedic Corporation in 2022 was NT\$ 79,997 thousand, which is significant to the consolidated financial statements. United Orthopedic Corporation and its subsidiaries invested a significant amount of development costs on orthopedics equipment, including hip/knee replacements and surgical instruments, due to their corporate structure; in addition, the expenditures of capital has been transformed into intangible assets generated by internal developments. In order to meet the six capitalization requirements for development stage stated in IAS 38, United Orthopedic Corporation and its subsidiaries needed to provide technical feasibility assessments by project types to identify that a particular technology had reached technical feasibility. Moreover, the finance department shall conduct capitalization project assessments by development project. The management executed the aforementioned assessments on individual project based on internal and external information. As management's judgment and assumptions were involved, we determined this to be a key audit item. Our audit procedures included, but not limited to, understanding and evaluating the appropriateness of internal control established by the management for intangible assets generated by internal development and testing its effectiveness, and reviewing whether the accounting policies for the capitalization of intangible assets generated by internal development are appropriate. The audit process involves taking a sample of project reports, reviewing management's assessment of the technical feasibility of intangible assets and future economic benefits, selecting various expenditures attributable to the development stage, and checking relevant receipts, invoices and vouchers to

confirm the appropriateness of project cost attribution. We also considered the appropriateness of intangible assets disclosures in Note 5 and Note 6 to the consolidated financial statements.

Responsibilities of the management and the governing bodies for the consolidated financial statement

To ensure that the consolidated financial statements do not contain material misstatements due to fraud or errors, the management is responsible for preparing prudent individual financial statements in accordance with the regulations on the preparation of financial reports by securities issuers and in accordance with IFRS, IAS as recognized and announced by the FSC to be effective, in line with proper explanations, and to prepare and maintain necessary internal control procedures for the consolidated financial statements.

In preparing the Consolidated Financial Statements, the responsibility of management includes the assessment of the sustainability of United Orthopedic Corporation, and its subsidiaries, disclosure of related matters, and the adoption of a consistent accounting basis, unless the management intends to liquidate United Orthopedic Corporation, and its subsidiaries, terminate the business, or no practicable measures other than liquidation or termination of the business can be taken.

The governing units (including audit committee or supervisor) of United Orthopedic Corporation and its subsidiaries shall be responsible for supervising the financial reporting procedures.

Responsibilities of the CPA for auditing the consolidated financial statements

The purpose of the CPA's audit on the Consolidated Financial Statements is to obtain reasonable certainty for whether the Statements contain material misstatement due to fraud or error, and to provide an auditing report. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misrepresentations in individual financial statements will be detected. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

We apply professional judgment and professional scepticism in our audits in accordance with auditing standards. The CPAs have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud is greater than that due to errors.
2. Obtaining necessary knowledge about the internal control mechanism that is closely related to audit work and designing the appropriate audit procedure without the intention to express any opinion about the validity of the internal control of United Orthopedic Corporation and its subsidiaries.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly
4. Based on the audit evidence established, concluding on the appropriateness for the management to continue to adopt the same accounting basis and whether there was any significant doubt about

the capacity of United Orthopedic Corporation and its subsidiaries to remain in operation or whether any significant uncertainty existed. If the CPA considers that material uncertainty exists in these matters or conditions, the CPA shall remind the users of the consolidated financial statements to pay attention to relevant disclosure in the statements in their audit report, or to revise the audit opinions when such disclosure is inappropriate. Our conclusion is based on the proof available for audit as of the date of the audit report. Only future events or situations may lead to loss of operation of United Orthopedic Corporation and its subsidiaries.

5. Evaluating the overall expression, structure and contents of the consolidated financial statements (including related Explanations) and whether the consolidated financial statements could appropriately express related transactions and events
6. Obtaining sufficient and appropriate audit evidence with regard to the financial information of the individual entities in the Group to establish our opinion about the consolidated financial statements The CPAs are responsible for guidance, supervision and implementation of the group's audit, and for developing audit report on the group.

Communications between us and the company's governing body take account of the scope and timing of the planned audit and significant audit findings, including any significant deficiencies in the internal controls during the audit process.

We have also provided the governing body with our statement of independence in accordance with the professional ethics of accountants and communicated with the governing body the facts and issues that may be deemed to have an influence on our independence as accountants as well as other matters (including related protective measures).

From the communication with the governance unit, the accountant decided on the key items for the audit of the consolidated financial statements of United Orthopedic Corporation and its subsidiaries in 2022. Such matters have been explicitly highlighted in the audit report. This is carefully done, unless legal regulations prohibit the public disclosure of specific items, in extremely rare cases and with reasonable anticipation, where we have decided not to communicate about specific items as the negative effects of such disclosure would far exceed the benefits gained from the perspective of public interest.

Others

United Orthopedic Corporation has also prepared parent company only financial statements for the years ended December 31, 2022 and 2021, which we had audited and issued an unqualified opinion.

Ernst & Young Taiwan

Publication of corporate financial statements approved by the authorities

Approved Document: Jin-Guan-Zheng-Shen-Zi No. 1060027042

Jin-Guan-Zheng (6) Zi No. 0930133943

Ma, Chun-Ting

CPA:

Hsu, Jung-Huang

March 21, 2023

United Orthopedic Corporation and its subsidiaries
Consolidated financial statements
December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand						
Assets			December 31, 2022		December 31, 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	IV and VI.1	\$398,057	7	\$638,683	12
1110	Financial assets measured at fair value through profit or loss - current	IV and VI.2	13,401	-	-	-
1120	Financial assets measured at fair value through other comprehensive income - current		-	-	-	-
1150	Net notes receivable	IV, VI.5 and VI.21	1,412	-	2,377	-
1170	Net accounts receivable	IV, VI.6 and VI.21	752,421	14	546,882	10
1180	Net accounts receivable - related parties	IV, VI.6, VI.21 and VII	92,344	2	46,719	1
1197	Net finance lease receivables	IV, VI.7 and VI.22	2,625	-	-	-
1200	Other receivables	IV and VII	14,407	-	29,225	1
1210	Other receivables - related parties	IV and VII	1,194	-	5	-
1220	Income tax assets in the current period	IV and VI.26	1,591	-	2,582	-
130x	Inventory	IV and VI.8	1,300,959	23	1,102,576	21
1410	Prepayment		58,473	1	32,251	1
1470	Other current assets		4,581	-	18,273	-
11xx	Total current assets		2,641,465	47	2,419,573	46
	Non-current assets					
1510	Financial Assets at Fair Value through Profit or Loss - Non-current	IV, VI.2 and VI.15	-	-	-	-
1517	Financial assets measured at fair value through other comprehensive income - non-current	IV and VI.3	52,351	1	52,872	1
1535	Financial assets at amortized cost - non-current	VI, VI.4 and VIII	7,980	-	9,820	-
1550	Investment using equity method	IV and VI.9	422,988	8	517,580	10
1600	Property, plant and equipment	IV, VI.10 and VIII	1,454,499	26	1,373,902	26
1755	Right-of-use Assets	IV, VI.22	203,956	4	208,093	4
1780	Intangible assets	IV, VI.11 and VI.12	573,128	10	518,898	10
1840	Deferred income tax assets	IV and VI.26	103,954	2	97,935	2
1900	Other non-current assets	VII	136,256	2	46,155	1
194D	Net long-term finance lease receivables	IV, VI.7 and VI.22	10,633	-	-	-
1975	Net defined benefit assets - non-current	IV and VI.17	8,313	-	-	-
15xx	Total non-current assets		2,974,058	53	2,825,255	54
1xxx	Total assets		\$5,615,523	100	\$5,244,828	100

Chairman of the Board: Lin, Yan-Shen

General Manager: Lin Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation and its subsidiaries
Consolidated financial statements
December 31, 2022 and December 31, 2021

		Unit: NT\$ Thousand				
Liabilities and equity		December 31, 2022		December 31, 2021		
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loan	IV and VI.13	\$773,029	14	\$785,946	15
2120	Financial liabilities at fair value through profit and loss - current	IV, VI.14 and VI.15	-	-	6,250	-
2130	Provision - current	IV and VI.20	10,405	-	8,631	-
2150	Notes payable	IV	2,235	-	427	-
2170	Accounts payable	IV	134,721	2	82,041	2
2180	Accounts payable - related parties	IV and VII	18,451	-	28,754	1
2200	Other payables	IV	595,135	11	409,001	8
2220	Other payables - related parties	IV and VII	1,553	-	13	-
2230	Current income tax liabilities	IV and VI.26	78,107	1	45,979	1
2280	Lease liabilities - current	IV and VI.22	27,470	1	24,774	-
2300	Other current liabilities	VII	35,514	1	31,864	1
2321	Corporate bonds that mature or execute the right to sell back within one year or one business cycle	IV and VI.15	-	-	484,555	9
2322	Long-term loan due within one year or one operating cycle	IV, VI.16 and VIII	59,686	1	21,092	-
21xx	Total current liabilities		1,736,306	31	1,929,327	37
	Non-current liabilities					
2540	Long-term loans	IV, VI.16 and VIII	527,838	10	216,974	4
2570	Deferred income tax liabilities	IV and VI.26	11,464	-	12,618	-
2580	Lease liabilities - non-current	IV and VI.22	182,899	3	188,160	4
2600	Other non-current liabilities		1,446	-	1,446	-
2630	Long-term deferred income	VI.9	65,694	1	72,239	1
2640	Net defined benefit liability - non-current	IV and VI.17	-	-	3,423	-
25xx	Total non-current liabilities		789,341	14	494,860	9
2xxx	Total Liabilities		2,525,647	45	2,424,187	46
	Equity					
31xx	Equity attributable to owners of parent company	IV, VI.18 and VI.28				
3100	Capital					
3110	Capital - common stock		781,316	14	781,116	15
3120	Preferred stock capital		99,800	2	100,000	2
	Total capital		881,116	16	881,116	17
3200	Capital reserve		1,743,729	31	1,743,438	33
3300	Retained earnings					
3310	Statutory surplus reserve		102,629	2	97,755	2
3320	Special surplus reserve		132,311	2	88,451	2
3350	Undistributed earnings		233,295	4	48,734	1
	Total retained earnings		468,235	8	234,940	5
3400	Other Equity					
3410	Exchange differences on translation of foreign financial statements		(93,938)	(2)	(133,265)	(3)
3420	Unrealized profit or loss of financial assets in other comprehensive income measured at fair value through profit and loss		(4,439)	-	(3,893)	-
	Total other equity		(98,377)	(2)	(137,158)	(3)
31xx	Total equity attributable to owners of the parent company		2,994,703	53	2,722,336	52
36xx	Non-controlling equity		95,173	2	98,305	2
3xxx	Total Equity		3,089,876	55	2,820,641	54
	Total liabilities and equity		\$5,615,523	100	\$5,244,828	100

Chairman of the Board: Lin, Yan-Shen

General Manager: Lin Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation and its subsidiaries
Consolidated Comprehensive Income Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand						
Code	Accounting Items	Notes	2,022		2,021	
			Amount	%	Amount	%
4000	Operating revenue	IV, VI.20 and VII	\$3,168,680	100	\$2,570,866	100
5000	Operating costs	IV, VI.8, VI.22, VI.23 and VII	805,697	25	729,522	28
5900	Gross profit		2,362,983	75	1,841,344	72
5910	Unrealized sales gain		(7,267)	-	-	-
5920	Gain on realized sales		-	-	1,906	-
5950	Net gross profit		2,355,716	75	1,843,250	72
6000	Operating expenses	IV, VI.21, VI.22 and VI.23				
6100	Marketing expenses		1,588,515	50	1,315,437	51
6200	Administrative Expenses		258,451	8	222,316	9
6300	R&D Expenses		167,257	5	143,675	6
6450	Expected credit impairment (gain) loss		(89)	-	397	-
	Total operating expenses		2,014,134	63	1,681,825	66
6900	Operating Profit		341,582	12	161,425	6
7000	Non-operating income and expenses	IV, VI.9, VI.24 and VII				
7100	Interest Income		4,392	-	2,010	-
7010	Other income		34,113	1	26,317	1
7020	Other profit and loss		41,680	1	(48,020)	(2)
7050	Financial costs		(24,106)	(1)	(17,641)	(1)
7060	Share of profit (loss) of affiliates and joint ventures accounted for using equity method		(94,640)	(3)	(49,497)	(2)
	Total non-operating income and expenses		(38,561)	(2)	(86,831)	(4)
7900	Net income before tax		303,021	10	74,594	2
7950	Income tax expenses	IV and VI.26	(79,440)	(3)	(21,717)	(1)
8200	Current period net profit		223,581	7	52,877	1
8300	Other comprehensive income	IV and VI.25				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plan		11,762	-	(3,389)	-
8316	Investment in equity instruments measured at fair value through other comprehensive income					
	Unrealized valuation losses		(521)	-	(295)	-
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		32,170	1	(46,055)	(2)
8370	Share of other comprehensive income (loss) of affiliates and joint ventures accounted for using the equity method					
	- Items that may be reclassified to profit or loss		7,315	-	(4,316)	-
8399	Income tax relating to items that may be reassigned to profits and losses		-	-	-	-
	Other comprehensive income for the current period (net after tax)		50,726	1	(54,055)	(2)
8500	Total Comprehensive Income for the Period		\$274,307	8	\$(1,178)	(1)
8600	Profit attributable to:					
8610	Owners of parent company		\$221,533		\$52,271	
8620	Non-controlling equity		2,048		606	
	Total		\$223,581		\$52,877	
8700	Total comprehensive income attributable to:					
8710	Owners of parent company		\$272,076		\$174	
8720	Non-controlling equity		2,231		(1,352)	
	Total		\$274,307		\$(1,178)	
	Earnings per share (NT\$)	IV and VI.27				
9750	Basic earnings per share		\$2.84		\$0.37	
9850	Diluted earnings per share		\$2.51		\$0.37	

Chairman of the Board: Lin, Yan-Shen

General Manager: Lin Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation and its subsidiaries
Consolidated Statement of Changes in Equity
December 31, 2022 and December 31, 2021

Unit: NTS Thousand

Code	Items	Equity attributable to owners of parent company									Attributable to the parent company Owner's equity 31XX	Non-controlling equity 36XX	Total equity 3XXX
		Share capital			Retained earnings			Other Equity					
		Capital - common stock 3100	Preferred stock capital 3120	Capital reserve 3200	Statutory surplus reserve 3310	Special surplus reserve 3320	Undistributed earnings 3350	Translation of the Financial Statements of Exchange Difference 3410	(losses) from financial assets measured at fair value through other 3420	Employees' unearned remuneration 3491			
A1	Balance as of January 1, 2021	\$783,898	\$100,000	\$1,756,071	\$89,304	\$101,160	\$84,512	\$(84,818)	\$(3,632)	\$(7,736)	\$2,818,759	\$106,271	\$2,925,030
B1	2020 Earnings distribution												
B5	Recognition of statutory surplus reserve	-	-	-	8,451	-	(8,451)	-	-	-	-	-	-
B7	Cash dividend-common stock	-	-	-	-	-	(65,370)	-	-	-	(65,370)	-	(65,370)
B7	Cash dividends on preferred shares	-	-	-	-	-	(23,400)	-	-	-	(23,400)	-	(23,400)
B17	Reversal of special reserve	-	-	-	-	(12,709)	12,709	-	-	-	-	-	-
D1	2021 net profit	-	-	-	-	-	52,271	-	-	-	52,271	606	52,877
D3	Other comprehensive income in 2021	-	-	-	-	-	(3,389)	(48,447)	(261)	-	(52,097)	(1,958)	(54,055)
D5	Total Comprehensive Income for the Period	-	-	-	-	-	48,882	(48,447)	(261)	-	174	(1,352)	(1,178)
L1	Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	-
L3	Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-
M7	Changes in equity of ownership of subsidiaries	-	-	-	-	-	(148)	-	-	-	(148)	148	-
N2	Share-based payment transaction - restricted employee entitlement to new shares	(2,782)	-	(12,633)	-	-	-	-	-	7,736	(7,679)	-	(7,679)
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,762)	(6,762)
Z1	Balance as of December 31, 2021	\$781,116	\$100,000	\$1,743,438	\$97,755	\$88,451	\$48,734	\$(133,265)	\$(3,893)	\$-	\$2,722,336	\$98,305	\$2,820,641
A1	Balance as of January 1, 2022	\$781,116	\$100,000	\$1,743,438	\$97,755	\$88,451	\$48,734	\$(133,265)	\$(3,893)	\$-	\$2,722,336	\$98,305	\$2,820,641
B1	2021 Earnings Distribution												
B1	Recognition of statutory surplus reserve	-	-	-	4,874	-	(4,874)	-	-	-	-	-	-
B3	Appropriate statutory surplus reserve	-	-	-	-	43,860	(43,860)	-	-	-	-	-	-
D1	2022 Net profit	-	-	-	-	-	221,533	-	-	-	221,533	2,048	223,581
D3	Other comprehensive income 2022	-	-	-	-	-	11,762	39,327	(546)	-	50,543	183	50,726
D5	Total Comprehensive Income for the Period	-	-	-	-	-	233,295	39,327	(546)	-	272,076	2,231	274,307
J1	Conversion of Convertible Preferred Shares	200	(200)	-	-	-	-	-	-	-	-	-	-
M7	Changes in equity of ownership of subsidiaries	-	-	291	-	-	-	-	-	-	291	(291)	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,072)	(5,072)
Z1	Balance as of December 31, 2022	\$781,316	\$99,800	\$1,743,729	\$102,629	\$132,311	\$233,295	\$(93,938)	\$(4,439)	\$-	\$2,994,703	\$95,173	\$3,089,876

Chairman of the Board: Lin, Yan-Shen

General Manager: Lin Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

United Orthopedic Corporation and its subsidiaries
Consolidated Cash Flow Statement
December 31, 2022 and December 31, 2021

								Unit: NTS Thousand	
Code	Items	2022	2021	Code	Items	2022	2021		
		Amount	Amount			Amount	Amount		
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investment activities				
A10000	Current net profit before tax	\$303,021	\$74,594	B00040	Acquisition of financial assets at amortized cost	(5,297)	-		
A20000	Adjustment items:			B00050	Proceeds from sale of financial assets at amortized cost	7,137	6,033		
A20010	Income and expense items:			B00100	Acquisition of financial assets at fair value	(15,000)	-		
A20100	Depreciation expenses	298,087	275,766	B00200	Disposal of financial assets at fair value through profit or loss	-	28,321		
A20200	Amortization expense	37,170	33,967	B02200	Acquisition of subsidiaries (less the cash received)	4,392	-		
A20300	Expected credit impairment (gain) loss	(89)	397	B02700	Acquisition of property, plant and equipment	(293,031)	(192,521)		
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	7,507	4,532	B02800	Disposal of property, plant and equipment	16,501	9,771		
A20900	Interest Expense	24,106	17,641	B03700	Increases in refundable deposits	(4,126)	(3,670)		
A21200	Interest Income	(4,392)	(2,010)	B04500	Intangible assets acquired	(83,029)	(27,712)		
A21900	Share-based payment remuneration cost	-	(7,679)	B04600	Disposal of intangible assets	-	30		
A22300	Share of profit (loss) of affiliates and joint ventures accounted for using equity method	94,640	49,497	B06100	Decrease in lease receivables	2,252	-		
A22500	Gain on disposal of property, plant and equipment	(587)	(2,913)	B06700	Increase in other non-current assets	(2)	-		
A22800	Loss on disposal of intangible assets	-	1,730	B07100	Increase in prepayment for equipment	(10,150)	(6,973)		
A24000	Gain on realized sales	-	(1,906)	BBBB	Net cash outflow from investing activities	(380,353)	(186,721)		
A24100	Unrealized sales gain	7,267	-						
A24200	Gain on buyback of corporate bonds payable	(816)	-	CCCC	Cash from financing activities				
A29900	Other items	(8,264)	(1,170)	C00100	Increases in short-term loans	3,285,215	2,421,916		
A30000	Changes in assets/liabilities related to operating activities:			C00200	Decrease in short-term loans	(3,311,073)	(2,607,758)		
A31130	Decrease (increase) in notes receivable	965	(784)	C01300	Repayment of corporate bonds	(500,000)	-		
A31150	Increases in accounts receivable	(198,004)	(63,647)	C01600	Long-term loans borrowed	375,726	76,851		
A31160	(Increase) decrease in accounts receivable - related parties	(131,609)	32,769	C01700	Long-term loans repaid	(31,088)	(81,016)		
A31180	Decrease (increase) in other receivables	3,570	(22,368)	C03000	Decrease in guarantee deposits	-	(54)		
A31190	Increase in other receivable - related parties	(1,189)	-	C04020	Repayment of lease principal	(30,549)	(27,919)		
A31200	(Increase) decrease in inventories	(231,173)	2,153	C04500	Cash dividend payout	-	(88,770)		
A31230	(Increase) decrease in prepayments	(26,222)	10,778	C05600	Interest Paid	(14,238)	(8,472)		
A31240	Decrease (increase) in other current assets	13,692	(12,701)	C05800	Changes in non-controlling equity	(5,072)	(6,762)		
A32125	Increases in contract liability	1,774	4,788	CCCC	Net cash inflow from financing activities	(231,079)	(321,984)		
A32130	Increase (decrease) in notes payable	1,808	(1,039)						
A32150	Increase (decrease) in accounts payable	20,298	(1,833)						
A32160	Increase (decrease) in accounts payables - related parties	(10,303)	4,376						
A32180	Increase (decrease) in other payables	188,391	(32,864)						
A32190	Increase (decrease) in other payables- related parties	1,540	(42)						
A32230	Increase (decrease) in other current liabilities	2,706	(4,427)						
A32240	Increase (decrease) in net defined benefit liabilities	26	(31)						
A33000	Cash inflow generated by operation	393,920	357,574	DDDD	Impacts on cash and cash equivalents from changes in exchange rates	13,966	(33,611)		
A33100	Interest income received	3,732	2,457	EEEE	Net increase (decrease) in cash and cash equivalents	(240,626)	(200,247)		
A33500	Income Tax Paid	(40,812)	(17,962)	E00100	Balance of Cash and Cash Equivalents, Beginning of Year	638,683	838,930		
AAAA	Net cash inflow from operating activities	356,840	342,069	E00200	Balance of Cash and Cash Equivalents, End of Year	\$398,057	\$638,683		

Chairman of the Board: Lin, Yan-Shen

Manager: Lin, Yan-Shen

Accounting Supervisor: Teng, Yuan-Chang

Attachment (V)

United Orthopedic Corporation

Earnings Distribution Table

2022

Unit: NT\$

Items	Amount
Undistributed earnings at the beginning of the period	0
Add: 2022 Net profit after tax	221,532,882
add: 2022 Other comprehensive income	11,761,726
Less: Changes in ownership of subsidiaries	0
Less: provision for statutory reserve of 10% (Note 1)	(23,329,461)
Add: Reversal of special reserve	33,933,808
Earnings available for distribution in the current period	243,898,955
Distribution items	
Type A preference share dividend (allotment of NT\$ 2.34 per share) (Note 1) (Note 3)	(22,700,340)
Common share cash dividends (Allotment of NT\$ 2.50 per share) (Note 2) (Note 3) (Note 4)	(196,026,500)
Unappropriated retained earnings	25,172,115
<p>Note 1: 2022 earnings distribution for dividends on Type A preference share which amounts to NT\$ 22,700,340 (NT\$ 504,452,000 * 4.5%).</p> <p>Note 2: Cash dividends for the current year will be distributed preferentially from the 2022 earnings, and any shortfall will be distributed from the retained earnings of previous year.</p> <p>Note 3: For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NT dollar, and the remaining amounts below NT\$1 will be rounded down. Shares below NT\$1 will be adjusted from the largest decimal place and the number of accounts in descending order until the total amount of cash dividends has been distributed.</p> <p>Note 4: If there is change in the Company's number of outstanding shares on the ex-dividend record date, the Chairman of the Board is authorized to adjust the cash dividend payout in accordance with the number of outstanding shares as of the ex-dividend date.</p>	

Chairman of the Board:
Lin, Yan-Shen

Manager:
Lin, Yan-Shen

Financial Officer:
Teng, Yuan-Chang

Attachment (VI)

United Orthopedic Corporation

Comparison Table of Amendments to the Regulations Governing the Procedures for the Board of Directors Meetings

Amendments	Current Provisions	Explanations
<p>Article III (Convening and Notice of Board Meetings)</p> <p>Board meetings shall be convened at least once each quarter. The agenda for a Board meeting to be convened shall be notified to each director at least seven days in advance of such meeting. In case of emergency, the meeting may be convened anytime.</p> <p>The notice of meeting, may be given by electronic means with the consent of the opposite party.</p> <p>All matters set out in the first paragraph of Article 12 of the regulations shall be specified in the agenda for a Board meeting to be convened; none of such matters may be raised by an extempore motion.</p>	<p>Article III (Convening and Notice of Board Meetings)</p> <p>Board meetings shall be convened at least once each quarter. The agenda for a Board meeting to be convened shall be notified to each director at least seven days in advance of such meeting. In case of emergency, the meeting may be convened anytime.</p> <p>The notice of meeting, may be given by electronic means with the consent of the opposite party.</p> <p>All matters set out in the first paragraph of Article 12 of the regulations shall be specified in the agenda for a Board meeting to be convened; <u>except for emergencies or justifiable reasons</u>, none of such matters may be raised by an extempore motion.</p>	<p>Amended in accordance with the Financial Supervisory Commission's Jing-guan-zheng-fa-zi No. 1110383263 dated August 5, 2022.</p>
<p>Article XII (Items to be discussed by the Board of Directors)</p> <p>The following items shall be submitted for discussion by the Board:</p> <ol style="list-style-type: none"> I. The Company's business plan. II. Annual and semi-annual financial reports. However, this does not apply to semi-annual financial reports that are not required by law to be audited and certified by an accountant. III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of effectiveness of the internal control system. IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 	<p>Article XII (Items to be discussed by the Board of Directors)</p> <p>The following items shall be submitted for discussion by the Board:</p> <ol style="list-style-type: none"> I. The Company's business plan. II. Annual and semi-annual financial reports. However, this does not apply to semi-annual financial reports that are not required by law to be audited and certified by an accountant. III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of effectiveness of the internal control system. IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 	<p>Amended in accordance with the Financial Supervisory Commission's Jing-guan-zheng-fa-zi No. 1110383263 dated August 5, 2022.</p>

Amendments	Current Provisions	Explanations
<p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p>VI. <u>Where the Board does not have a Managing Director, the Chairman of the Board shall be elected or removed.</u></p> <p>VII. The appointment or discharge of finance supervisor, accounting supervisor or internal audit supervisor.</p> <p>VIII. Donations to related parties or major donations to non-related parties. However, if a donation is made for major natural disaster relief and recovery, such donation may be made first and submitted to the following Board meeting for ratification.</p> <p>IX. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board meeting, or any such significant matter as may be prescribed and amended by the competent authority from time to time.</p> <p>The term "related party" in paragraph 7 of the preceding paragraph refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "significant donation to an unrelated party" refers to a donation of at least NT\$ 100 million per donation or an accumulation of donations to the same person within one year, or a donation of at least 1% of the net operating income or 5% of the paid-in capital of the most recent annual financial report certified by an accountant.</p> <p>Within one year referred to in the preceding paragraph, is based on the date of current meeting of the board of directors, projected retrospectively for one year, and partially exempted from re-calculation by resolution of the Board.</p> <p>If the shares of a foreign company have no par value or have a par value other than NT\$10 per share, the amount of the second item relating to 5% of the paid-in capital</p>	<p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p>VI. The appointment or discharge of finance supervisor, accounting supervisor or internal audit supervisor.</p> <p>VII. Donations to related parties or major donations to non-related parties. However, if a donation is made for major natural disaster relief and recovery, such donation may be made first and submitted to the following Board meeting for ratification.</p> <p>VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board meeting, or any such significant matter as may be prescribed and amended by the competent authority from time to time.</p> <p>The term "related party" in paragraph 7 of the preceding paragraph refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "significant donation to an unrelated party" refers to a donation of at least NT\$ 100 million per donation or an accumulation of donations to the same person within one year, or a donation of at least 1% of the net operating income or 5% of the paid-in capital of the most recent annual financial report certified by an accountant.</p> <p>Within one year referred to in the preceding paragraph, is based on the date of current meeting of the board of directors, projected retrospectively for one year, and partially exempted from re-calculation by resolution of the Board.</p> <p>If the shares of a foreign company have no par value or have a par value other than NT\$10 per share, the amount of the second item relating to 5% of the paid-in capital shall be calculated based</p>	

Amendments	Current Provisions	Explanations
<p>shall be calculated based on 2.5% of the shareholders' equity. If the company has independent directors, at least one independent director shall attend the board meeting in person; in respect of the first item of business to be resolved by the Board, all independent directors shall attend the board meeting, and if the independent directors cannot attend in person, they shall be represented by other independent directors. If an independent director has any objection or reservation, it shall be stated in the minutes of the board of directors; if the independent director is unable to personally attend the board of directors to express his objection or reservation, he shall, except for justifiable reasons, issue a written opinion in advance and record it in the minutes of the board of directors.</p>	<p>on 2.5% of the shareholders' equity. If the company has independent directors, at least one independent director shall attend the board meeting in person; in respect of the first item of business to be resolved by the Board, all independent directors shall attend the board meeting, and if the independent directors cannot attend in person, they shall be represented by other independent directors. If an independent director has any objection or reservation, it shall be stated in the minutes of the board of directors; if the independent director is unable to personally attend the board of directors to express his objection or reservation, he shall, except for justifiable reasons, issue a written opinion in advance and record it in the minutes of the board of directors.</p>	

Attachment (VII)

United Orthopedic Corporation

Comparison Table for Amendments to the Articles of Association

Amended Articles	Prior Articles	Reasons for Amendments
<p>Article V : The Company’s total capital is set at NT\$ 1.5 Billion, divided into 150 Million shares at NT\$10 par value. The Board of Directors is authorized to issue the unissued shares based on actual requirements in installments. <u>Within the above shares, preference shares may be issued.</u></p>	<p>Article V : The Company’s total capital is set at NT\$ 1.5 Billion, divided into 150 Million shares at NT\$10 par value. The Board of Directors is authorized to issue the unissued shares based on actual requirements in installments.</p>	<p>Considering the actual situation of the Company, it is proposed to amend some provisions of the Articles of Incorporation of the Company.</p>
<p>Article XIII : The Company shall have <u>nine to eleven</u> directors for a term of three years, who shall be elected at the shareholders' meeting from among persons of full capacity and shall be eligible for re-election. Following the public offering of the Company’s shares, the total shareholding ratio of all Directors and Supervisors shall be determined by provisions of the competent authority of securities.</p> <p>Among the <u>nine to eleven</u> directors listed in the preceding paragraph, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. A candidate nomination system is adopted for election of the Company Directors (including Independent Directors). They shall be elected from the list of candidate for Directors at the shareholders’ meeting. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant provisions of the competent authority in charge of securities.</p> <p>The Company may purchase liability insurance policies that cover the Directors and Supervisors’ term of service, and therefore insure itself against liabilities incurred by the Directors and Supervisors over the course of service.</p>	<p>Article XIII : The Company shall have seven to nine directors for a term of three years, who shall be elected by the Board of Shareholders from among persons capable of conduct and shall be eligible for re-election. Following the public offering of the Company’s shares, the total shareholding ratio of all Directors and Supervisors shall be determined by provisions of the competent authority of securities.</p> <p>Among the seven to nine directors listed in the preceding paragraph, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. A candidate nomination system is adopted for election of the Company Directors (including Independent Directors). They shall be elected from the list of candidate for Directors at the shareholders’ meeting. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant provisions of the competent authority in charge of securities.</p> <p>The Company may purchase liability insurance policies that cover the Directors and Supervisors’ term of service, and therefore insure itself against liabilities incurred by the Directors and Supervisors over the course of service.</p>	<p>In accordance with the requirements of the newly amended Act and the operational needs of the Company, and in view of the growth of the Company's operations and the increase in the number of directors, it is proposed to amend certain provisions of the Articles of Incorporation of the Company.</p>
<p>Article XXII : The Articles of Incorporation were established on February 1, 1993. Omitted The 22nd amendment was made on June 16, 2020. The 23rd amendment was made on June 21, 2022. The 24th amendment was made on June 15, 2023.</p>	<p>Article XXII : The Articles of Incorporation were established on February 1, 1993. Omitted The 22nd amendment was made on June 16, 2020. The 23rd amendment was made on June 21, 2022.</p>	<p>Newly added amendment date</p>

Appendix I

United Orthopedic Corporation

Regulations Governing the Procedures for Board of Directors Meetings

Article 1 (Basis for regulations)

In order to establish a good governance system for the Board of Directors of the Company, to improve the supervisory function and to strengthen the management function, the regulations are stipulated in accordance with Article 2 of the "Regulations Governing the Meetings of Directors of Public Companies" for compliance.

Article 2 (Scope of Regulation)

The regulations governing procedure for board of directors meetings of the company, the main contents of the proceedings, operating procedures, minutes of the proceedings shall set forth the matters, announcements and other matters to be followed, shall be handled in accordance with the provisions of this Code.

Article 3 (Convening and Notice of Board Meetings)

Board meetings shall be convened at least once each quarter

The agenda for a Board meeting to be convened shall be notified to each director at least seven days in advance of such meeting. In case of emergency, the meeting may be convened anytime.

The notice of meeting, may be given by electronic means with the consent of the opposite party.

All matters set out in the first paragraph of Article 12 of the regulations shall be specified in the agenda for a Board meeting to be convened; except for emergencies or justifiable reasons, none of such matters may be raised by an extempore motion.

Article 4 (Notice of Meeting and Meeting Materials)

The business unit designated by the Board of Directors of the Company shall be the General Manager's Office of the Company.

The business unit shall draft the contents of the meeting of the board of directors and provide sufficient meeting information, which shall be sent together with the notice of meeting.

If the directors believe that the meeting materials are insufficient, they may request supplementation from the business unit. If the directors believe that the information on the proposal is insufficient, they may postpone the deliberation after a resolution by the board of directors.

Article 5 (Maintenance of signature books, etc. and attendance by proxy of directors)

When the board of directors of the Company is convened, a signature book shall be set up for signature by the attending directors for inspection.

A Director shall attend a meeting of the Board in person or, if unable to attend in person, may appoint another Director to attend by proxy in accordance with the provisions of the

Articles of Incorporation; if he participates in a meeting by video, he shall be deemed to be present in person.

When a Director appoints another Director to attend a meeting of the Board by proxy, he shall on each occasion issue a written proxy stating the scope of authority for the purpose of convening the meeting.

The second agent shall be limited to the appointment of one person.

Article 6 (Principle governing the place and time of board meeting)

The meetings of the Board of Directors of the Company shall be held at the place and at the time where the Company is situated and at office hours or at such place and time as is convenient for the Directors to attend and appropriate for the holding of such meetings.

Article 7 (Chairman of the Board and Proxy)

The meeting for the Company's board of directors shall be convened by the chairman of the board of directors and shall be chaired by him. However, at the first meeting of the Board of Directors of each session, the Director with the largest number of votes representing the right to vote shall convene the meeting, and the chairman of the meeting shall be the person with the right to convene, or if there are more than two persons with the right to convene, one of them shall be elected by and from among themselves.

According to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Companies Act, if the board is convened by a majority of the directors themselves, the directors shall elect from among themselves a person to be the Chairman.

If the chairman is absent from office or is unable to exercise his/her authority for any reason, the deputy chairman shall act on his/her behalf, and if there is no deputy chairman or deputy chairman is also absent from office or is unable to exercise his/her authority for any reason, the chairman shall appoint one of the directors to act on his/her behalf, and if the chairman does not appoint a proxy, the directors shall elect from among themselves a person to act on their behalf.

Article 8 (Board Reference Materials, Attendees and Board Meetings)

When the Company's board of directors convened, the management department (or the unit designated by the board of directors) shall prepare relevant materials for the directors of the meeting to inspect at any time.

When convening a board meeting, personnel from relevant departments or subsidiaries may be notified to attend depending on the content of the proposal. When necessary, accountants, lawyers or other professionals may also be invited to attend meetings and give explanations. However, they should leave the table during discussion and voting.

The Chairman of the Board shall declare a meeting open when it has reached its meeting time and a majority of the Directors are present.

If half of the directors are not present at a scheduled meeting time, the chairman may adjourn the meeting for a second time. If the quota is still insufficient after two postponement, the chairman may reconvene in accordance with the procedure stipulated in Article 3, paragraph 2.

The term "all directors" referred to in the preceding paragraph and in paragraph 2 (2) of Article 16 shall be calculated by those actually in office.

Article 9 (Audio Recordings or Video Recordings of Board Meetings)

The meeting process of the board of directors of the company shall be audio or video-recorded throughout, and shall be kept for at least five years, which may be held electronically.

Before the expiration of the storage period in the preceding paragraph, if a lawsuit concerning the relevant resolutions of the board of directors occurs, the relevant records shall be Audio or video evidence should be kept until the end of the lawsuit.

If the conference is held by video conference, the audio-visual information of the video shall be part of the minutes of the meeting and shall be properly preserved during the company's existence.

Article 10 (Contents of discussion)

The company's regular board of directors' discussions shall at least include the following items:

I. Report matters:

- (I) Minutes of the last meeting and its execution.
- (II) Important financial reports.
- (III) Internal audit report.
- (IV) Other important report matters.

II. Discussion Items:

- (I) Discussion items retained at the previous meeting.
- (II) Items for discussion at this meeting.

III. Extempore motions.

Article 11 (Discussion of proposals)

The Board of Directors of the Company shall conduct the discussions in accordance with the procedures set out in the meeting notice. However, with the consent of more than half of the directors present, it may be changed.

Without the consent of the majority of the directors present, the chairman shall not adjourn the meeting.

During the board meeting, if the number of directors present does not reach more than half of the directors present, upon the proposal of the directors present, the Chairman shall declare the meeting suspended and shall apply mutatis mutandis the provisions of Article 8 (4).

Article 12 (Matters to be discussed by the Board)

The following items shall be submitted for discussion by the Board:

- I. The Company's business plan.
- II. Annual and semi-annual financial reports. However, this does not apply to semi-

annual financial reports that are not required by law to be audited and certified by an accountant.

- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. The appointment or discharge of finance supervisor, accounting supervisor or internal audit supervisor.
- VII. Donations to related parties or major donations to non-related parties. However, if a donation is made for major natural disaster relief and recovery, such donation may be made first and submitted to the following Board meeting for ratification.
- VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board meeting, or any such significant matter as may be prescribed and amended by the competent authority from time to time.

The term "related party" in paragraph 7 of the preceding paragraph refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "significant donation to an unrelated party" refers to a donation of at least NT\$ 100 million per donation or an accumulation of donations to the same person within one year, or a donation of at least 1% of the net operating income or 5% of the paid-in capital of the most recent annual financial report certified by an accountant.

Within one year referred to in the preceding paragraph, is based on the date of current meeting of the board of directors, projected retrospectively for one year, and partially exempted from re-calculation by resolution of the Board.

If the shares of a foreign company have no par value or have a par value other than NT\$10 per share, the amount of the second item relating to 5% of the paid-in capital shall be calculated based on 2.5% of the shareholders' equity.

If the company has independent directors, at least one independent director shall attend the board meeting in person; in respect of the first item of business to be resolved by the Board, all independent directors shall attend the board meeting, and if the independent directors cannot attend in person, they shall be represented by other independent directors. If an independent director has any objection or reservation, it shall be stated in the minutes of the board of directors; if the independent director is unable to personally attend the board of directors to express his objection or reservation, he shall, except for justifiable reasons, issue a written opinion in advance and record it in the minutes of the board of directors.

Article 13 (Voting 《1》)

The chairman may declare the discussion of a proposal closed and put it to a vote when he considers that the discussion of the proposal has reached the level at which it can be

put to a vote.

A resolution of a meeting of the Directors of the Company shall be deemed to have been passed when the Chairman has consulted all the Directors present and there is no objection. If, after consultation with the Chairman, any objection is raised, the matter shall be put to the vote.

The method of voting on matters shall be one of the following subparagraph determined by the Chairman, save that if there is any objection by the attending director(s), the Chairman shall determine the method of voting in accordance with the majority opinion of the attendants:

- I. to vote by a show of hands or a voting machine;
- II. to vote by a roll call.
- III. To cast a vote.
- IV. To vote by the method determined by the Company.

The term "all board directors in attendance" referred to in the preceding two paragraphs does not include directors who are not allowed to exercise their voting rights under the provisions of Article 15, paragraph 1.

Article 14 (Vote 《2》 Ballot Scrutinizing and Counting)

Except as otherwise provided in the Securities and Exchange Act and the Companies Act, resolutions of the board of directors of the Company shall be made in the presence of a majority of the directors and with the consent of a majority of the directors present.

When there is an amendment or an alternative to same proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. However, if one of the proposal has been passed, the other proposal shall be deemed to be rejected and no further vote shall be required.

The personnel for balloting scrutiny and vote counting, if any, shall be appointed by the Chairman, provided that personnel for balloting scrutiny shall be a director.

The voting results shall be reported on the spot and be recorded.

Article 15 (System for Directors' Conflict of Interests)

If a Director or the legal entity which the Director represents has an interest in the matters of the meeting, the Director shall state the materiality of the interest at the current Board meeting and shall not participate in the discussion or vote if it is detrimental to the interests of the Company, and shall recuse from such discussions and votes and shall not exercise his or her voting rights on behalf of other Directors.

Where the spouse of a director, or a relative of a director within second degree by blood, or a company which has a controlling or subordinate relation with a director, has an interest in matters of the Board meeting as described in the preceding paragraph, such director shall be deemed having an interest in that matter.

The resolution of the Board of Directors of the Company shall apply the provisions of Article 180, paragraph 2, in accordance with Article 206, paragraph 4, of the Company

Act to the Directors who are prohibited from exercising their voting rights in accordance with the provisions of the preceding two paragraphs.

Article 16 (Minutes of the meeting and Signatures)

The discussions at the Board of Directors meetings shall be recorded in the minutes, which shall accurately record the following:

- I. Session (or year), time, and place of meeting.
- II. Name of the Chairperson.
- III. Directors' attendance, including names and numbers of persons present, excused and absent.
- IV. Names and titles of attendees.
- V. Name of the person taking minutes.
- VI. Report items
- VII. Discussion Items: The method and result of each resolution, a summary of the comments made by the directors, supervisors, experts and others, the names of the directors who have an interest in accordance with the provisions of Article 1 of the preceding Article, a description of the material content of the interest, the reasons for their recusal or non-recusal, the circumstances of their recusal, their objections or reservations, and a written statement of their opinions, and the written opinions of the independent directors in accordance with the provisions of Article 12, Paragraph 5.
- VIII. Extempore motion: the name of the proposer, the method and result of the resolution, a summary of the comments made by directors, experts and others, the name of the director who has an interest in accordance with the provisions of Article 1, a description of the important content of the interest, the reasons for his or her recusal or non-recusal, the circumstances of the recusal, and the objection or reservation, and a record or written statement.
- IX. Other matters to be recorded.

If any of the following matters are resolved at a meeting of the Board of Directors, in addition to being recorded in the minutes of the meeting, an announcement shall be made at the Public Information Observation Post System designated by the Financial Supervisory Commission, Executive Yuan, within two days of the date of the meeting:

- I. The independent directors have objections or reservations and have a record or written statement.
- II. It has not been approved by the Audit Committee of the Company but has been approved by more than two-thirds of all directors.

The books signed by the board of directors shall be kept as part of the minutes and shall be properly preserved during the company's existence.

The minutes of the meeting shall be signed or sealed by the chairman of the meeting and the recorder, and shall be sent to the directors within 20 days after the meeting. It shall also be included in the important files of the Company and shall be properly preserved during the company's existence.

The production and distribution of the minutes of item 1 can be done electronically.

Article 17 (Principle of Authorization by the Board of Directors)

In addition to the matters referred to the Board of Directors of the Company in Article 12, paragraph 1, the Board of Directors authorizes the Chairman to exercise his powers in accordance with the provisions of the law or the Articles of Incorporation of the Company as follows:

- I. Subject to the Company's capital requirements, the Company shall have full authority to handle matters relating to the amount and terms of loans from various financial institutions and shall report the same to the Board of Directors.
- II. Subject to the needs of the Company's capital requirements, the Company shall carry out the processing of endorsements and guarantees within the limits stipulated in the endorsement and guarantee procedures, the processing of loans of capital to others within the limits stipulated in the lending procedures and the processing of transactions within the limits stipulated in the procedures for the acquisition or disposal of assets, and shall report the execution status to the Board of Directors.
- III. Appointment of directors and representatives of subsidiaries (including overseas branches).
- IV. Restructuring to the Company's organization and amendments to the Articles of Incorporation.

Article 18 The establishment and amendment of these Regulations shall be agreed by the Board and reported to the shareholders' meeting.

Appendix II

United Orthopedic Corporation

Articles of Incorporation

Chapter 1. General Provisions

- Article 1 The Company is organized under the Companies Act under the name of United Orthopedic Corporation. The Company's English name is United Orthopedic Corporation.
- Article 2 The Company may engage in the following business activities:
- (I) Research, development, production and sales of the following products:
 - I. Artificial orthopedic implants: including artificial joints, artificial bone plates, bone nails, bone needles, etc.
 - II. Orthopedic surgical equipment and its manufacturing equipment.
 - III. Special metal and plastic materials.
 - (II) The import and export and trade business of the products mentioned above.
- Article 3 The Company's head office is established in Hsinchu Science Park. Where necessary, the Company may establish branch companies and offices domestically or overseas subject to the resolution by its Board of Directors and the approval of the competent authority.
- Article 4 The Company may provide guarantees for external parties based on business requirements.
- The Company's reinvestment shall not be subject to the limit of 40 percent of the paid-in share capital as stipulated in Article 13 of the Company Law, and matters concerning reinvestment shall be resolved by the Board of Directors.

Chapter 2. Shares

- Article 5 The Company's total capital is set at NT\$ 1.5 Billion, divided into 150 Million shares at NT\$10 par value. The Board of Directors is authorized to issue the unissued shares based on actual requirements in installments.
- Article 6 The Company's rights and obligations for preferred shares and other important issuance conditions are as follows:
- I. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate a portion as legal reserve pursuant to laws and regulations. Next, special reserve is appropriated or reversed

pursuant to the Articles of Association. After adding the accumulated undistributed earnings, the remaining earnings, if any, are allocated as preference share dividends for the year.

- II. If the preferred shares dividend is 8% per annum at most, the dividend shall be calculated at the price of the annual issuance. The dividend shall be paid annually in cash. The dividend is paid annually in the annual general meeting. After the annual regular shareholders' meeting recognizes the financial report, the Board of Directors shall formulate the base date to pay the distributable dividend for the year before. The number of annual dividends for the year and the annual recovery of dividends is calculated based on the actual number of actual issuance days.
- III. The Company has discretion over the distribution of preferred stock dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. If the issued preferred shares are not cumulative, the cumulative amount of the dividends that do not have been paid or paid up to the deficit is not to be accumulated in the subsequent years.
- IV. Unless the shareholders of preferred shares receive dividends as specified in Subparagraph 2 of this Article, if the preferred shares are in a non-participating type, they shall not participate in distribution of cash and allotted capital from earnings and capital reserve for common shares.
- V. When the Company issues new shares in cash, the shareholders of preferred shares shall have the same priority on option as shareholders of common shares.
- VI. The priority order of shareholders of preferred shares in distribution of residual property is higher than shareholders of common shares, and it is the same with the repayment order for shareholders of various preferred shares but next to the creditor. Besides, it shall not exceed the amount calculated according to the issuance price of the outstanding preferred shares at the time of distribution.
- VII. The shareholders of this preferred stock have neither voting nor election rights. However, they may be elected as Directors, and they have voting rights in extraordinary shareholders' meetings or with respect to agendas associated with the rights and obligations of shareholders of preferred stocks in shareholders' meetings.
- VIII. If the issued preferred shares by the Company are convertible preferred ones, they shall not be converted within one year since the date of issuance. The Board of Directors shall be authorized to formulate the convertible period according to actual conditions. Shareholders of

convertible preferred shares shall apply to convert one preferred share for one common share in part or whole (the conversion rate 1:1). After conversion of convertible preferred shares into common shares, their rights and obligations are the same with the latter. The distribution of dividend at the year of preferred shares conversion shall be calculated according to the rate of actual issuance days of the current year to days of years round. Only for those converted into common shares before the base date for the yearly dividend or ex-dividend, they shall not participate in the dividend distribution for preferred shares of the current year or the following year, but they can participate in the distribution of common shares earnings and capital reserve of the current year.

- IX. If preferred shares do not have maturity date, and the shareholders of preferred shares do not require the Company to recover their rights, the Company shall recover the preferred shares in part or whole in the forms of cash recovery, issuance of new shares for compulsory conversion or others according to original actual issuance price and relevant issuance methods at any time from the following day upon 5 years expiry of issuance. For unrecovered preferred shares, they continue to enjoy the rights and obligations of various issuance conditions in the Article until the Company recovers them. In the year of recovering preferred shares, if the Company's shareholders' meeting makes the resolution to distribute dividend, the distributable dividend up to the date of recovery shall be calculated according to the actual issuance days of the current year.
- X. As for the preferred shares and converted common shares, the Board of Directors shall be authorized to handle over-the-counter matters according to the Company and market status.
- XI. Relevant matters like the name, issuance date, specific issuance conditions and others about the preferred shares shall be formulated by the Board of Directors according to the Company Articles of Association and relevant laws based on capital market status and investor subscription will at the time of actual issuance.

Article 7 The shares of the Company shall be name-bearing certificates. They are issued after signed and sealed by the Directors on behalf of the Company and certified in accordance with relevant laws and regulations. Stocks issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.

Article 8 The transfer of shares shall be suspended within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of an interim shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends,

bonus or other benefits.

Chapter 3. Shareholders' meetings

- Article 9 Shareholders' meetings can be divided into regular and interim ones. Regular meetings are convened once a year, and usually within 6 months of the end of each fiscal year by the Board of Directors according to the law. Special meetings may be convened according to the law when necessary. Shareholders' meeting of preferred shares may be convened according to the law when necessary.
- Article 10 When a shareholder cannot attend the Shareholder's Meeting, he/she/it may appoint a proxy to attend the Shareholder's Meeting on his/her/its behalf by executing a letter of authorization printed by the Company stating the scope of power authorized to the proxy. The use of proxies shall be processed in accordance with the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.
- Article 11 Each share is entitled to one voting right.
- Article 12 Resolutions at Shareholder's meetings shall, unless otherwise provided for in related laws and regulations, be adopted by at least half of all shareholders present. Consent from shareholders present who represent more than half of the total number of voting rights shall be obtained for implementation. Shareholders of the Company may exercise voting rights by electronic means. Shareholders exercising voting rights by electronic means shall be deemed to attend in person, and relevant matters shall be handled in accordance with the laws and regulations.
- Article 12-1 Meetings of shareholders may be held by video conference or other means as announced by the Ministry of Economic Affairs.

Chapter 4. Director

- Article 13 The Company shall have seven to nine directors for a term of three years, who shall be elected by the Board of Shareholders from among persons capable of conduct and shall be eligible for re-election. Following the public offering of the Company's shares, the total shareholding ratio of all Directors and Supervisors shall be determined by provisions of the competent authority of securities.

Among the seven to nine directors listed in the preceding paragraph, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. A candidate nomination system is adopted for election of the Company Directors (including Independent Directors). They shall be elected from the list of candidate for Directors at the shareholders' meeting. The guidelines for qualifications, shareholdings,

restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant provisions of the competent authority in charge of securities.

The Company may purchase liability insurance policies that cover the Directors and Supervisors' term of service, and therefore insure itself against liabilities incurred by the Directors and Supervisors over the course of service.

Article 13-1 The Company shall set up the audit committee in accordance with Article 14-4 of the Securities and Exchange Act to replace supervisors, and the committee is responsible for the duties in compliance with the Company Act, Securities and Exchange Act and other regulations.

Article 14 The Board of Directors is formed by the Directors. The Chairman, who is to represent the Company, is elected by a majority voting of the Directors present at a meeting of its Board of Directors attended by two-thirds or more of the Directors of the Company

Article 15 The Board of Directors shall be chaired by the Chairman of the Board. If the Chairman is absent or cannot exercise his power, the Chairman shall appoint one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an Acting Chairman. The resolutions of meetings of the Board of Directors shall be processed in accordance with the Company Act. If a Director is unable to attend a meeting of the Board of Directors in person, the Director may appoint another director to act on behalf of the absent Director in writing. One Director may only act one behalf of one other Director.

Article 16 Remuneration of Chairman of the Board, Directors and Supervisors are delegated to the decision from the Board of Directors based on their level of participation and contributions in the Company's business operations and also based on the average industry standards.

Chapter 5. Managerial Officers

Article 17 The Company shall have one General Manager whose appointment, dismissal and remuneration shall be processed in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 18 The Company's accounting year begins on 1 January and ends on 31 December of each year, with the end of December being the end of the year and the end of each accounting year. The Board of Directors shall formulate the following account books for Supervisors' audit and submit them for the recognition in the shareholders' meeting:

- (1) Business Report
- (2) Financial Statements
- (3) Proposal for earnings distribution or loss reimbursement

Article 18 Deleted

Article 19 In case the Company makes a profit in the current year (profit refers to income before tax and before distribution of remuneration to employees and Directors), 12% shall be allocated as the employee remuneration and no more than 3% as remuneration to Directors. However, when the company has accumulated losses (including adjustment on non-distributed earnings), the amount should be repaid firstly.

The Company may only distribute the aforementioned employees remuneration and remuneration to Directors in cash by a Board resolution and reported to the shareholders' meeting.

Article 20-1 In case there are profits after tax in the final settlement of the current year, the company shall first offset the accumulated loss (including adjustment on non-distributed earnings) and retain 10% as legal surplus reserve in accordance with the law; however, when the legal surplus reserve exceeds the paid-in capital of the company, it is not subject to this limitation. After the statutory surplus reserve has been retained or rotated in accordance with the regulations or requests made by competent agencies, if there is accumulated undistributed earnings, the holders of preference share are given priority to be distributed the dividends of the current year. If there are still undistributed earnings left, 50% to 100% of the remaining earnings shall be distributed as shareholders' dividends, of which, 50% of the shareholders' dividends that are distributed in the current year shall be distributed as cash dividends.

When the company sets aside the special surplus reserve in accordance with law, for the shortfall of the "net deduction of other interests accumulated in the previous period", before the distribution of the earnings, it should first set aside the same amount of special surplus reserve from the undistributed earnings of the previous period; if there is still a shortfall, the current period's after-tax net profit plus the amount other than the current after-tax net profit shall be included in the current undistributed earnings and set aside.

For the above dividend or bonus distributed in cash as well as distribution of capital reserve or legal surplus reserve in cash, the Board of Directors representing two thirds of the issued shares shall make resolution for distribution by attending directors representing more than half of them, and then it shall be reported to shareholders' meeting.

- Article 21 Matters not prescribed in the Articles, if any, shall be conducted in accordance with the provisions of the Company Act.
- Article 22 The Articles of Incorporation were established on February 1, 1993.
- The 1st amendment was made on April 9, 1994.
- The 2nd amendment was made on August 31, 1994.
- The 3rd amendment was made on December 15, 1996.
- The 4th amendment was made on December 15, 1996.
- The 5th amendment was made on May 15, 1997.
- The 6th amendment was made on July 15, 1997.
- The 7th amendment was made on January 5, 1998.
- The 8th amendment was made on June 5, 1998.
- The 9th amendment was made on June 10, 1999.
- The 10th amendment was made on June 14, 2000.
- The 11th amendment was made on June 19, 2002.
- The 12th amendment was made on June 17, 2003.
- The 13th amendment was made on June 17, 2004.
- The 14th amendment was made on November 30, 2004.
- The 15th amendment was made on June 16, 2005.
- The 16th amendment was made on June 14, 2006.
- The 17th amendment was made on June 13, 2007.
- The 18th amendment was made on June 18, 2010.
- The 19th amendment was made on June 24, 2013.
- The 20th amendment was made on June 22, 2016.
- The 21st amendment was made on June 19, 2019.
- The 22nd amendment was made on June 16, 2020.
- The 23rd amendment was made on June 21, 2022.

United Orthopedic Corporation

Person in Charge: Lin, Yan-Shen

Appendix III

United Orthopedic Corporation

Rules of Procedures for Shareholders' Meetings

Article 1 (Basis of determining)

To establish an excellent governance system and a sound monitoring function, and to strengthen management mechanism, the Company, in accordance with Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, formulated these rules.

Article 2 Article 2 Unless otherwise stipulated in related laws and regulations or the Articles of Incorporation of the Company, all shareholder meeting proceedings shall be conducted according to these rules.

Article 3 (Convening of shareholders' meeting and Notice of meeting)

Unless otherwise provided by regulations, shareholders' meeting is convened by the Board of Directors.

Changes in the method of convening the shareholders' meeting of the Company shall be resolved by the board of directors and no later than before the dispatch of the notice of the shareholders' meeting.

The Company shall inform each shareholder 30 days before the date of the meeting. The Company shall inform shareholders holding less than 1,000 shares of registered shares of the shareholders' meeting by uploading public announcement on the Market Observation Post System 30 days before the date of a regular shareholders' meeting. For interim meetings, the Company shall inform shareholders 15 days before the date of the meeting. The Company shall inform shareholders holding less than 1,000 shares of registered shares by uploading public announcement on the Market Observation Post System 15 days before the date of a regular shareholders' meeting.

The notice or public announcement shall specify the reasons for convening meetings.

Matters such as change of directors, change of articles of incorporation, reduction of capital, permission for directors to compete for business, transfer of capital from surplus to capital, transfer of capital from provident fund, dissolution, merger, de-merger or division of the Company, or matters under Article 185, Paragraph 1 of the Company Law, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Rules Governing the Offering and Issuance of Securities by Issuers, shall be listed in the grounds for convening and shall not be proposed by way of an extempore motion.

Article 4 (Proxy attendance and authorization)

Shareholders may appoint a proxy to attend the meeting by expressing the intent in the form for appointment of representation provided by the Company, stating the scope of authorization and the identity of the proxy.

A shareholder may only execute one power of attorney and appoint only one proxy. The shareholder shall submit such written proxy to the company no later than 5 days prior to the date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After the proxy form has been delivered to the Company, a shareholder who wishes to attend a general meeting in person or to exercise his or her voting rights in writing or by electronic means shall, notify the Company in writing of the revocation of the proxy two days prior to the meeting of the shareholders' meeting; If the revocation is late, the right to vote shall be exercised by the presence of a proxy.

After the proxy form has been delivered to the Company, the shareholder who wishes to attend the shareholders' meeting by video shall, notify the Company in writing of the revocation of the proxy two days prior to the meeting of the shareholders' meeting; If the revocation is late, the right to vote shall be exercised by the presence of a proxy.

Article 5 (Principles determining time and place of shareholders' meeting)

The meeting of shareholders shall be held at the location of the Company or at a location that facilitates the attendance of shareholders and is suitable for the convening of the meeting of shareholders, and the meeting shall commence no earlier than 9:00 a.m. or later than 3:00 p.m., and shall be held at a place and time that fully takes into account the opinions of independent directors.

There shall be no restriction on the place for holding a shareholders' meeting as aforesaid via video conference.

Article 6 (Preparation of attendance log and documents)

The company shall provide an attendance log to record attendance of shareholders or proxies thereof (collectively referred to as shareholders below); alternatively, attendance cards may be presented to signify their presence at the meeting.

The Company shall furnish attending shareholders with the proceedings manual, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings upon presentation of attendance cards, sign-in cards, or other certifications. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Registration of shareholders shall be processed at least 30 minutes prior to the

commencement of the meeting; the registration desk shall be clearly marked and adequate and appropriate personnel shall be assigned to process the registration; the registration of shareholders for the video conference shall be processed on the video conference platform at least 30 minutes prior to the commencement of the meeting and shareholders who have completed the registration shall be deemed to be present in person at the general meeting.

Shareholders who wish to attend the shareholders' meeting by video conference shall register with the Company two days prior to the meeting of the shareholders' meeting.

The shareholders' meeting shall be convened by video conference, and the Company shall upload the meeting manual, annual report and other relevant information to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and the disclosure shall continue until the end of the meeting.

Article 6-1

(Convening of video conference of shareholders, matters to be including in the convening notice)

The convening of a video conference of the shareholders' meeting shall include the following particulars in the notice of convening the shareholders' meeting:

- I. Participation of shareholders in video conferences and methods of exercising their rights.
- II. Disasters, incidents or other force majeure that result in the use of a video conferencing platform or the use of a video conferencing platform for handling of obstacles, including, at least, the following:
 - (I) The time at which a meeting is adjourned or postponed because of the persistence of an impediment to its commencement and, if adjourned or postponed, the date on which the meeting is to be adjourned or postponed.
 - (II) Unregistered participation in the original shareholders' meeting may not be allowed participation in the adjournment or postponement of meetings.
 - (III) If a video-assisted shareholders' meeting cannot be adjourned, the meeting shall be continued if the total number of shares present reaches the quorum for the meeting after deducting the number of shares present for the video-assisted shareholders' meeting, and the number of shares present for the video-assisted shareholders shall be counted as the total number of shares present for all motions at the meeting and shall be deemed to be abstained.
 - (IV) The procedure to be followed in the event that all motions have been declared and no provisional motion has been moved.
- III. A shareholders' meeting shall be convened by video and shall include appropriate alternatives for shareholders who have difficulty participating in

the meeting by video.

Article 7 (Meeting chair and participants)

Shareholders' meetings that are convened by the Chairman shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable or is non-existent, the Chairman may appoint one of the directors to act on the Chairman's behalf. If the Chairman does not appoint a delegate, one shall be elected among the directors to act on the Chairman's behalf.

Shareholders' meetings convened by the Board of Directors should be attended by a majority of the Directors.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of shareholders' meeting by audio or video)

The Company shall document the shareholders' meeting by audio or video, and recorded materials shall be retained for at least 1 year. However, if the shareholder brings a lawsuit under Article 189 of the Company Law, it shall be preserved until the end of the lawsuit.

If a shareholders' meeting is held by video conference, the Company shall keep records of the registration, sign-in, attendance, questionnaires, voting and the Company's vote counting results of the shareholders, and shall continuously and uninterruptedly audio and video record the entire video conference.

For the information and audio-visual recordings in the preceding paragraph, the Company shall properly preserved them during the company's existence. The audio recordings will be kept by the person to whom the video conference is entrusted.

The shareholders' meeting is convened by the video conference organizer, and It is advisable to make audio recordings of the back-end operator interface of the video conferencing platform.

Article 9 (Calculation of representative shareholding and meeting commencement)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares present is calculated on the basis of the number of shares reported in the sign-in book or on the attendance card and the video conferencing platform, plus the number of shares for which the right to vote is exercised by written or electronic means.

The chair shall call the meeting to order at the appointed meeting time. However,

when the attending shareholders do not represent over half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If less than one-third of the total number of issued shares are present after two adjournments, the Chairman shall declare the meeting adjourned; if a shareholders' meeting is convened by video conference, the Company shall also announce the meeting adjourned on the video conference platform of the shareholders' meeting.

If after two adjournments of the preceding paragraph are still insufficient and a shareholder representing more than one-third of the total number of issued shares is present, he may, make a false resolution in accordance with Article 175(1) of the Companies Act and notify the shareholders of the false resolution and reconvene the shareholders' meeting within one month; if the shareholders meeting is convened by video conference and the shareholder wishes to attend by video conference, he shall re-register with the Company in accordance with Article 6.

Before the conclusion of the meeting, if the number of shares represented by the shareholders attending the meeting reaches a majority of the total number of issued shares, the chairman may make a false resolution and re-submit it to the shareholders' meeting for voting in accordance with Article 174 of the Companies Act.

Article 10

(Discussion of proposals)

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11

(Shareholders' comments)

Before speaking, the attending Shareholder shall complete the speaker's slip indicating the subject of speech, Shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

The shareholders who participate in the shareholders' meeting by video conference may, after the chairman has announced the meeting and before the announcement of the adjournment, ask questions in writing on the video conference platform of the shareholders' meeting, and the number of questions in each motion shall not exceed two times, each time limited to two hundred words, and the provisions of paragraphs 1 to 5 shall not apply.

If the question in the preceding paragraph does not violate the provisions or does not exceed the scope of the resolution, it is advisable to disclose the question to the video conference platform of the shareholders' meeting for information purposes.

Article 12

(Computation of voting shares, and Recusal System)

Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

(Voting, ballot examination and ballot count)

Shareholders shall be entitled to one vote for each share held, except where shareholders are restricted or prohibited from exercising voting rights.

Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of over half of the voting rights represented by the attending shareholders.

The proposal shall be voted by a poll by the attending shareholders.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, shall be announced on-site at the meeting, and a record made of the vote.

After the chairman announces the meeting, the shareholders participating by video conference shall vote on various resolutions and electoral proposals through the video conference platform, and shall complete the voting before the chairman announces the end of the voting, and the delay shall be regarded as abstention.

The shareholders' meeting shall be convened by video conference and shall be a one-time counting of votes after the chairman announces the end of the voting and announces the voting and election results.

When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video in accordance with Article 6 and wish to attend the shareholders' meeting in person shall cancel the registration in the same manner as the registration two days prior to the meeting of the shareholders' meeting; if the cancellation is overdue, they may attend the shareholders' meeting by video only.

A person who has exercised his or her voting rights in writing or by electronic

means and has not revoked his or her intention to participate in a shareholders' meeting by video means may not exercise his or her voting rights on the original motion or to propose amendments to the original motion or to exercise his or her voting rights on amendments to the original motion, except in the case of an extempore motion.

Article 14 (Matters for Voting)

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. However, if the shareholder brings a lawsuit under Article 189 of the Company Law, it shall be preserved until the end of the lawsuit.

Article 15 (Minutes of the meeting and Signatures)

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the Market Observation Post System.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

The above resolution method shall be conducted through vote in a poll by shareholders in attendance, and the voting results be recorded into the meeting minutes.

If a shareholders' meeting is convened by video conference, the minutes of the meeting shall, in addition to the matters to be recorded in accordance with the preceding paragraph, record the time of the meeting, the manner in which the meeting was convened, the name of the chairman and the minutes taker, and the manner and circumstances in which the video conference platform or participation by means of video conferencing is impeded due to acts of God, events or other force majeure.

In addition to the provisions of the preceding paragraph, the Company shall convene a video shareholders' meeting, and shall state in the minutes of the meeting alternative measures for shareholders who have difficulties in participating in the meeting by video means.

Article 16 (External announcement)

The number of shares solicited by the proxy, the number of shares represented by proxy and the number of shares attended by shareholders in writing or by

electronic means shall, on the day of the shareholders' meeting, be compiled as statistical tables in the prescribed format for clear disclosure at the shareholders' meeting venue. If a shareholders' meeting is convened by video conference, the aforesaid information shall be uploaded to the video conference platform of the shareholders' meeting at least 30 minutes before the commencement of the meeting and shall be continuously disclosed until the end of the meeting.

When the Company convenes a video conference of shareholders, the total number of shares of shareholders present shall be disclosed on the video conference platform when the meeting is announced. The same applies if the total number of shares and voting rights of the members present are otherwise counted at the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 17 (Maintenance of order at the venue)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chairman may direct the inspector or security officer to assist in maintaining order at the meeting. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 Break, continuing meeting)

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

If the meeting venue is no longer available for continued use and not all the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article XIX~ XX Deleted

Article 19 (Disclosure of Video conference Information)

If the shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of each resolution to the video conference platform of the shareholders' meeting as required after the vote is completed, and shall continue to disclose the results for at least fifteen minutes after the chairman has announced the adjournment of the meeting.

Article 20 (Location of chairman and recorder of shareholders' meeting via video conference)

When the Company convenes a shareholders' meeting via video conference, the Chairman and the Recording Officer shall be at the same place in the country, and the Chairman shall announce the address of the place at the time of the meeting.

Article 21 (Handling of interruptions)

If a shareholders' meeting is convened by video conference, the chairman shall announce separately at the time of the announcement of the meeting that no adjournment or renewal of the meeting is necessary, except as provided in paragraph 4 of Article 44, paragraph 20, of the Guidelines Governing the Conduct of Business of Publicly Traded Companies. If, prior to the adjournment of the meeting by the Chairman, there is an impediment to participation on the video conferencing platform or by video for a period of 30 minutes or more due to an act of God, event or other force majeure, the date of the meeting shall be postponed or adjourned within five days, without the provisions of Article 182 of the Companies Act being applicable.

The meeting shall be postponed or continued in accordance with the preceding paragraph, and shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponement or continuation of the meeting.

If a shareholder who has registered to attend the original shareholders' meeting by video and has completed reporting for the adjourned or continued meeting in accordance with the provisions of paragraph 2 does not attend the adjourned or continued meeting, the number of shares present at the original shareholders' meeting and the voting rights exercised shall be counted as the total number of shares and voting rights of the shareholders present at the adjourned or continued meeting.

If the meeting is adjourned or continued in accordance with the provisions of paragraph 2, it shall not be necessary to discuss and resolve again any motion for the adjournment or continuation of the meeting at which the poll has been taken and counted and the result of the voting or the election of Directors has been declared.

In the event that the Company convenes a video-assisted shareholders' meeting and the video conference cannot be adjourned in accordance with paragraph 2,

the shareholders' meeting shall continue if the total number of shares present, after deducting the number of shares present at the shareholders' meeting by video, still reaches the quorum for the shareholders' meeting, without any adjournment or postponement of the meeting as provided in paragraph 2.

In the event of an occurrence of the preceding paragraph, the meeting shall continue to be held, and the shareholders participating in the shareholders' meeting by video shall be included in the total number of shares attended by the shareholders, but all the resolutions of the shareholders' meeting shall be deemed to be abstentions.

If the Company adjourns or continues a meeting in accordance with paragraph 2, it shall comply with the provisions set forth in Article 44-20, paragraph 7, of the Guidelines Governing the Procedures of Publicly Traded Companies, and shall complete the relevant preliminaries in accordance with the date of the original shareholders' meeting and the provisions of each Article.

Article 22

Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Law, the Articles of Incorporation of the Company and relevant laws and regulations.

Article 23

These rules shall come into force after they have been passed by the shareholders' meeting, and the amendments thereto shall be made as well.

Appendix IV

United Orthopedic Corporation Directors Election Process

Article 1 For the purpose of fair, impartial and open election of directors, these procedures shall be formulated in accordance with Article 21 of the Code of Practice on Corporate Governance for Listed Companies.

Article 2 The election of Directors for the Company shall be handled in accordance with Directors Election Methods and the Process, unless otherwise stipulated by laws and regulations or Articles of Incorporation.

Article 3 The election of the Company directors consider the overall composition of the Board of Directors.

Members of the Board shall possess the knowledge, skills and qualities required to perform their duties. The overall abilities of the Board shall be as follows:

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

More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 4 The qualifications of Independent Directors shall be in compliance with the provisions of Article 2, Article 3 and Article 4 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the Company shall be in compliance with Article 5 and Article 6 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 5 The election of Directors of the Company shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act.

Where the number of Directors falls short by one third of the total number prescribed in the Company's Articles of Association, the Company shall call an interim shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Where the number of Independent Directors is not sufficient for the purpose of Article 14-2 of the Securities and Exchange Act, by-election shall be held at the next shareholders' meeting. When independent directors are dismissed, by-election shall be held within 60 days from the date of occurrence to fill the vacancies.

- Article 6 The Director election of the Company has adopted the cumulative voting system. Each share shall be elected as a director. The voting rights shall be selected for one candidate wholly or several candidate separately.
- Article 7 The Company shall prepare the same number of electoral votes as the number of directors to be elected, and fill in the number of entitlements and distribute it to the shareholders present at the meeting. The name of the elector may be replaced by the attendance number printed on the voting paper.
- Article 8 The Directors of the Company shall calculate the voting rights of common Directors and Independent Directors in accordance with the Company's Articles of Incorporation. The candidates who receive the highest number of votes representing the right to vote are elected in order of precedence. If there are two or more persons obtaining the same number of votes and exceeded the stipulated quota, lots will be drawn by those with the same number of votes, and those not present will be drawn by the Chairman on their behalf.
- Article 9 Before the commencement of the election, the Chairman shall appoint a number of scrutineers and counters, each of whom shall be a shareholder, to perform such duties. The Company has set up a ballot box, which shall be opened and checked by the monitoring personnel before voting.
- Article 10 If the candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, if the government or a legal person shareholder is a candidate, the name of the government or legal person shall be filled in the "candidate" column of the ballot. The name of the government or legal person or the name of its representative shall be filled as well. If there are more than one representative, the names for them shall be filled in as well.
- Article 11 The ballot shall be invalid for one of the following situations:
- I. The Company prepared ballots are not used.
 - II. Where the number of persons voted for exceeds the number of places required.
 - III. The name of the person to be elected and his or her shareholder's account number or identity card, if any, are filled in, with other words.
 - IV. The handwriting is illegible.
 - V. If the candidate is a shareholder, the candidate's identity, shareholder account number do not match with shareholders' ledger; if the candidate is non-shareholder, the name and ID card number are verified to be inconsistent.
 - VI. The name of the candidate entered in the ballot is the same as the name of other shareholders, without filling the shareholder account number or ID card number for identification.

VII. The cumulative number of voting rights entered shall be more than the number of voting rights held.

VIII. Blank ballots are cast into the ballot box.

Article 12 The ballots will be opened on site immediately after the voting is completed. The results shall be announced on the spot.

Article 13 The elected directors shall be notified separately of their election by the board of directors of the Company.

Article 14 The Procedures shall be implemented after the approval of the shareholders' meeting. The same applies when the Procedures are amended.

Appendix V

Shareholding Status of Directors, United Orthopedic Corporation

Base date: April 17, 2023

Title	Name	Appointment date	Term	Number of shares held at the time of appointment		Shares currently held	
				common stock	Shareholding ratio	common stock	Shareholding ratio
				Preferred shares		Preferred shares	
Chairperson and General Manager	Lin, Yan-Shen	2020.6.16	3 years	2,512,000	3.12%	2,752,441	3.33%
				111,000	1.11%	42,000	0.79%
Director	Lin, Chun-Sheng	2020.6.16	3 years	1,905,743	2.37%	1,905,743	2.30%
				90,000	0.90%	90,000	1.68%
Director	Hau, Hai-Yen	2020.6.16	3 years	698,646	0.87%	698,646	0.84%
				65,000	0.65%	65,000	1.22%
Director	Lee, Chi-Fung	2020.6.16	3 years	450,000	0.56%	700,000	0.85%
				0	0.00%	0	0.00%
Director	Ng Chor Wah Patrick	2020.6.16	3 years	1,401,139	1.74%	1,470,139	1.78%
				130,286	1.30%	130,286	2.44%
Director	Lin, Te-Chien	2020.6.16	3 years	960,461	1.19%	1,052,461	1.27%
				88,000	0.88%	88,000	1.65%
Independent Director	Liu, Chien-Lin	2020.6.16	3 years	80,482	0.10%	80,482	0.10%
				107,505	1.07%	107,505	2.01%
Independent Director	Lee, Kuen-Chang	2020.6.16	3 years	0	0.00%	0	0.00%
				0	0.00%	0	0.00%
Independent Director	Wu, Meng-Da	2020.6.16	3 years	0	0.00%	0	0.00%
				0	0.00%	0	0.00%
All Directors				8,008,471	9.95%	8,659,912	10.47%
				591,791	5.91%	522,791	9.78%

- I. Book closure date: April 12, 2023.
- II. Total number of issued shares: 88,111,600 (including 82,766,116 ordinary shares and 5,345,484 preferred shares)
- III. The minimum number of shares required to be held by all Directors: 7,048,928 shares.
- IV. The minimum number of shares required to be held by all Supervisors: 704,892 shares.

Appendix VI

Other matters

The effect of the proposed unpaid allotment of shares at the shareholders' meeting on the Company's operating performance, earnings per share and shareholders' return on investment:

Not applicable.