Stock code: 4129

UNITED ORTHOPEDIC CORPORATION

2024 Annual General Meeting

Meeting Handbook

June 18, 2024

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UNITED ORTHOPEDIC CORPORATION

Agenda for the 2024 Annual General Meeting

I. Time: 9:00 a.m. on Tuesday, June 18, 2024

II. Convening Method: Physical Shareholders' Meeting

III. Location: B1F., No. 85, Zhong'an St., Zhonghe Dist., New Taipei City (No.4 Park Cultural and Creative Music Studio)

IV. Call the Meeting to Order
(Report the Number of Shares Present, Announce the Start of the Meeting)

V. Chairman's Remarks

VI. Matters to Be Reported

1. 2023 Business Report.
2. 2023 Audit Committee's Review Report.
3. 2023 Report on the Distribution of Cash Dividends from Earnings and Capital Surplus.
4. 2023 Report on the Employees' and Directors' Remuneration Distribution.
5. Amendment to the "Procedures for Ethical Management and Guidelines for Conduct."
6. The Company's report on the issuance of convertible corporate bonds.

VII. Ratifications

1. 2023 Business Report and Financial Statements.
2. 2023 Earnings Distribution Proposal.

VIII. Discussions

Amendments to "Rules of Procedure for Shareholders' Meetings"

IX. Other Proposals and Extempore Motions

Matters to Reported

I. Subject: The 2023 Business Report is hereby submitted for your review.

Explanation: Please refer to Attachment 1. (Pages 6-8)

II. Subject: The 2023 Audit Committee's Review Report is hereby submitted for your review.

Explanation: Please refer to Attachment 2. (Page 9)

III. Subject: The 2023 Report on the Distribution of Cash Dividends from Earnings and Capital Surplus is hereby submitted for your review.

Explanation:

1. From the distributable earnings, the Company shall first allocate NT$ 552,479 as dividends for Preferred Shares Class A at NT$ 2.34 per share, and then allocate NT$ 384,280,811 as shareholder bonuses, distributed in cash at NT$ 3.99250144 per share. According to Article 241 of the Company Act, the capital surplus of NT$ 1,113,670 obtained from issuing shares at a premium is distributed in cash at NT$ 0.01157052 per share.
2. The distribution of earnings and capital reserve in cash shall be calculated to the nearest NT dollar, with fractions of NT dollar being rounded down. Any remaining odd lots of less than NT$ 1 shall be adjusted in descending order of decimal places and ascending order of account numbers to meet the total cash dividend distribution amount. The Chairperson is authorized to determine the ex-dividend date, distribution date, and other relevant matters.
3. If the number of outstanding shares is affected by any subsequent changes in the Company's share capital, resulting in changes to the shareholder dividend rate and the need for adjustment, the Chairperson is authorized to adjust the distribution amount per share based on the actual total number of outstanding shares on the ex-dividend date.

IV. Subject: The 2023 Proposal of Employees' and Directors' Remuneration Distribution is hereby submitted for your review.

Explanation:

In accordance with Article 20 of the Company's Articles of Incorporation, the Compensation Committee proposed to the Board of Directors the distribution of employees' and directors' remuneration for 2023, allocating 3% as directors' remuneration amounting to NT$ 16,722,969, and 12% as employees' remuneration amounting to NT$ 66,891,875, both to be distributed in cash.

V. Subject: The Amendment to the "Procedures for Ethical Management and Guidelines for Conduct" is hereby submitted for your review.

Explanation:

In accordance with Articles 2, 5, and 6 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, listed companies shall formulate ethical management policies, clearly and comprehensively establish specific ethical management practices and prevention measures against unethical conduct, including operational procedures, guidelines, and education and training. Therefore, the "Ethical Corporate Management Operating Procedures and Conduct Guidelines" have been added. Please refer to Attachment 6. (Pages 32-38)

VI. Subject: The Company's report on the issuance of convertible corporate bonds is hereby submitted for your review.

Explanation:

1. The Company's fourth domestic unsecured convertible corporate bonds have been approved by the Financial Supervisory Commission on May 19, 2023, for effective registration, and have been approved by the Taipei Exchange for listing and trading from May 30, 2023. The total issue amount is NT$ 500 million, with an issue date of May 30, 2023, for a period of three years, and an issue size of 5,000 units.
2. As the closing price of the Company's common shares on the over-the-counter market exceeded the then-current conversion price by 30% (inclusive) for thirty consecutive business days, the Company announced the exercise of the bond redemption right and terminated the over-the-counter trading on February 19, 2024. As of the date of termination of over-the-counter trading, a total of 8,375,140 common shares have been converted.

Ratifications

Case 1 **(Proposed by the Board)**

Subject: The 2023 Business Report and Financial Statements is hereby submitted for ratification.

Explanation:

The Company's 2023 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 Lin, Shih-Huan and Lin, Shih-Huan, and an audit report has been issued. The Financial Statements, Consolidated Financial Statements and Business Reports are hereby submitted for ratification. Please refer to Attachments 1, 3 and 4. (Pages 6-8 and 20-30)

Resolution:

Case 2 **(Proposed by the Board)**

Subject: The Company's 2023 Earnings Distribution Proposal is hereby submitted for ratification.

Explanation:

1. The Company's net profit after tax for the fiscal year 2023 was calculated to be NT$ 384,200,811. After setting aside 10% of the legal reserve at NT$ 38,356,608, deducting NT$ 581,908 in other comprehensive losses for the fiscal year 2023, NT$ 52,819 in changes in equity attributable to owners of the parent due to ownership changes in subsidiaries, and reversing NT$ 3,668,749 from the provision for special reserve, the total distributable earnings for the period amounted to NT$ 384,833,290. It is proposed to first allocate NT$ 552,479 for Class A preferred share dividends at NT$ 2.34 per share, and then to distribute NT$ 384,280,811 as cash dividends to shareholders, paying NT$ 3.99250144 per share. According to Article 241 of the Company Act, the capital surplus of NT$ 1,113,670 obtained from issuing shares at a premium is distributed in cash at NT$ 0.01157052 per share.
2. For the 2023 Earnings Distribution Statement, please refer to Attachment 5. (Page 31)

Resolution:

Discussions

Case 1: **(Proposed by the Board)**

Subject: The proposal to revise the "Rules of Procedure for Shareholders' Meetings" is hereby submitted for resolution.

Explanation:

1. In accordance with Articles 44-9 and 44-21 of the Regulations Governing the Stock Affairs of Public Companies, relevant provisions of the "Rules of Procedure for Shareholders' Meetings" have been amended.
2. For a comparison of the provisions in the "Rules of Procedure for Shareholders' Meetings" before and after the amendments, please refer to Attachment 7. (Pages 39-41)

Resolution:

Other Proposals and Extempore Motions

Adjournment

Attachment 1. 2023 Business Report

Business Report

1. Business Guidelines

(1) In 2023, revenue grew 24% compared to the previous year. This is a 24% growth again after 2022, indicating that the Company has entered a higher growth period. It is expected that 2024 will also have good growth due to the global market deployment of various business units.

(2) For the high-end market, such as Revita modular femoral stems, shoulder joint systems, United Motion acetabular systems, and revision knee spacer implants, these are advanced new products that have entered the late research and development stage. Applications will be submitted to the US FDA in 2024. If the applications are successful, sales are expected to start in late 2024 and 2025, contributing to future US market revenue.

(3) Continuous in-depth involvement and operation in various markets is a necessary strategy for the Company's growth. Based on the Company's excellent and diverse product portfolio, our unremitting goal is to make more physicians understand and trust United.

2. Practical Results of the Business Plan

The Company's net operating revenue in 2023 was NT$ 2,540,604 thousand, an increase of 18.2% from NT$ 2,149,743 thousand in 2022. The consolidated net operating revenue in 2023 was NT$ 3,929,887 thousand, an increase of 24% from NT$ 3,168,680 thousand in 2022. In terms of profitability, the Company's net profit after tax in 2023 was NT$ 388,309 thousand, an increase of NT$ 164,728 thousand from the net profit after tax of NT$ 223,581 thousand in 2022.

Analysis of Parent Company Only Operating Revenue and Expenditure, and Profitability

Unit: NT$ thousands

Item		Year	
		2023	2022
Financial Revenue and Expenditure	Net operating revenue	2,540,604	2,149,743
	Operating gross profit	1,301,403	1,073,133
	Net operating profit	391,367	326,138
	post-tax profit or loss	384,201	221,533
Profitability	Return on Assets (%)	7.84%	5.01%
	Return on shareholders' equity (%)	11.83%	7.75%
	Ratio of operating profit to paid-in capital (%)	42.29%	37.01%
	Ratio of profit before income tax to paid-in capital (%)	13.54%	9.98%
	Net profit margin (%)	15.12%	10.30%
	Basic earnings per share after tax (NT$)	4.50	2.84

Analysis of Consolidated Operating Revenue and Expenditure, and Profitability

Unit: NT$ thousands

Item		Year	
		2023	2022
Financial Revenue and Expenditure	Net operating revenue	3,929,887	3,168,680
	Operating gross profit	3,051,375	2,355,716
	Net operating profit	543,269	341,582
	post-tax profit or loss	388,309	223,581
Profitability	Return on Assets (%)	7.04%	4.47%
	Return on shareholders' equity (%)	11.61%	7.56%
	Ratio of operating profit to paid-in capital (%)	58.71%	38.76%
	Ratio of profit before income tax to paid-in capital (%)	14.55%	10.11%
	Net profit margin (%)	9.88%	7.05%
	Basic earnings per share after tax (NT$)	4.50	2.84

3. Research and Development Status

The Group's research and development funds in 2023 included ongoing research and development costs of NT$ 214,917 thousand, representing an increase of NT$ 13,326 thousand from 2022 and accounting for 5.5% of revenue in 2022. The development plans for various new products are also progressing smoothly.

Person in Charge:	Managerial Officer:	Accountant in Charge:
Lin, Yan-Shen	Lin, Yan-Shen	Deng, Yuan-Chang

Attachment 2 2023 Audit Committee's Review Report

UNITED ORTHOPEDIC CORPORATION

Audit Committee's Review Report

The Board of Directors prepared the Company's 2023 Business Report, Financial Statements, Consolidated Financial Statements, and Earnings Distribution Proposal, 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.

To
The Company's 2024 Annual General Meeting
United Orthopedic Corporation

Audit Committee Convener: Chen, Li-Ju

March 13, 2024

Attachment 3 Independent Auditors' Report and 2023 Financial Statements

INDEPENDENT AUDITORS' REPORT

To United Orthopedic Corporation:

Audit Opinion

We have audited the parent company only balance sheets of United Orthopedic Corporation as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to the 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, 2023 and 2022, 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 Audit Opinion

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

Key Audit Matters

Key audit matters are 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, 2023 based on our professional judgment. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Inventory Valuation

The net inventories of United Orthopedic Corporation were NT$912,574 thousand, which accounted for 17% of the parent company only total assets. It was 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: We understood and evaluated 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$2,540,604 thousand, which is significant to the parent company only financial statements. Due to the nature of the industry, the performance obligation is not satisfied until the customer obtains control over 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: We evaluated the appropriateness of the accounting policy for revenue recognition, and learned and tested 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 operating revenue disclosures in Note 6 to the consolidated financial statements.

Key Audit Matters (Continued)

Recognition of Intangible Assets Arising from Internal Development

United Orthopedic Equipment Co., Ltd. net carrying amount of intangible assets was NT$29,888 thousand on December 31, 2023, which is significant for 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.

Responsibilities of the Management and Governance Bodies 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 for preparing and maintaining necessary internal control procedures pertaining to the parent company only financial statements.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of United Orthopedic Corporation in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the United Orthopedic Corporation or cease the operations, or has no realistic alternative but to do so.

The governance bodies of United Orthopedic Corporation (including the audit committee or supervisors) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

We have exercised our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. The accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain necessary knowledge concerning internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Orthopedic Corporation's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on United Orthopedic Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in United Orthopedic Corporation ceasing to continue as a going concern.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements (Continued)

5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and items.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within United Orthopedic Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on United Orthopedic Corporation.

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

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

From the matters communicated with 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, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lin, Shih-Huan and Hsu, Jung-Huang.

Ernst & Young
Taipei, Taiwan
Republic of China
March 13, 2024

<u>*Notice to Reader*</u>

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and December 31, 2022

Unit: NT$ thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting Items	Note	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4 and 6(1)	$ 284,272	5	$ 232,702	5
1110	Financial assets at fair value through profit or loss - Current	4 and 6(2)	8,887	-	13,401	-
1150	Net notes receivable	4 and 6(5)(19)	3,379	-	1,412	-
1170	Net accounts receivable	4 and 6(6)(19)	369,417	7	343,813	7
1180	Net notes receivable - Related parties	4, 6(6)(19) and 7	1,213,514	22	855,098	18
1197	Net receivables under finance leases	4 and 6(7)(19)(20)	6,226	-	-	-
1200	Other receivables	4 and 7	7,909	-	5,703	-
1210	Other net receivables – Related parties	4 and 7	6,806	-	3,232	-
130x	Inventories	4 and 6(8)	912,574	17	663,677	14
1410	Prepayments	7	69,526	2	22,479	1
1470	Other current assets		997	-	887	-
11xx	Total Current Assets		2,883,507	53	2,142,404	45
	Non-Current Assets					
1510	Financial assets measured at fair value through profit or loss – non-current	4 and 6(2)	8,459	-	-	-
1517	Financial assets measured at fair value through other comprehensive income – non-current	4 and 6(3)	53,081	1	51,763	1
1535	Financial assets at amortized cost – non-current	4, 6(4) and 8	8,853	-	6,980	-
1550	Investment accounted for using equity method	4 and 6(9)	1,174,665	22	1,172,273	25
1600	Property, plant, and equipment	4, 6(10) and 8	773,731	14	806,111	17
1755	Right-of-use assets	4 and 6(20)	125,701	2	131,661	3
1780	Intangible assets	4 and 6(11)	155,995	3	157,844	3
1840	Deferred income tax assets	4 and 6(24)	99,892	2	92,319	2
1900	Other non-current assets	7	175,929	3	200,846	4
194D	Long-term net receivables under finance leases	4 and 6(7)(19)(20)	10,311	-	-	-
1975	Net defined benefit assets - non-current	4 and 6(16)	7,977	-	8,313	-
15xx	Total Non-Current Assets		2,594,594	47	2,628,110	55
1xxx	Total Assets		$ 5,478,101	100	$ 4,770,514	100

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen   Managerial Officer: Lin, Yan-Shen   Accounting Manager: Deng, Yuan-Chang

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounting Items	Note	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4 and 6(12)	$ 400,000	8	$ 536,317	11
2130	Contract liabilities - Current	4 and 6(18)	398	-	7,182	-
2150	Notes payable	4	2,602	-	1,994	-
2170	Accounts Payable	4	173,308	3	122,085	3
2180	Accounts payable - Related parties	4 and 7	13,382	-	17,769	-
2200	Other payables	4	492,751	9	371,483	8
2220	Other payables - Related parties	4 and 7	-	-	1,550	-
2230	Current income tax liabilities	4 and 6(24)	54,365	1	70,688	1
2280	Lease liabilities - Current	4 and 6(20)	4,714	-	5,231	-
2300	Other current liabilities		10,493	-	7,925	-
2322	Long-term loan due within one year or one operating cycle	4, 6(15) and 8	46,175	1	31,591	1
21xx	Total Current Liabilities		1,198,188	22	1,173,815	24
	Non-Current Liabilities					
2500	Financial liabilities measured at fair value through profit or loss – Non-current	4 and 6(13)	1,762	-	-	-
2530	Corporate bonds payable	4 and 6(14)	226,264	4	-	-
2540	Long-term loans	4, 6(15) and 8	365,584	7	405,509	9
2570	Deferred income tax liabilities	4 and 6(24)	306	-	73	-
2580	Lease liabilities – non-current	4 and 6(20)	125,337	2	130,051	3
2600	Other non-current liabilities		4,616	-	669	-
2630	Long-term deferred income	4 and 6(9)	58,371	1	65,694	1
25xx	Total Non-Current Liabilities		782,240	14	601,996	13
2xxx	Total Liabilities		1,980,428	36	1,775,811	37
	Equity	4 and 6(13)(17)(26)				
3100	Capital Stock					
3110	Capital stock - common shares		877,379	16	781,316	16
3120	Capital - preferred stock		3,737	-	99,800	2
3130	Bonds conversion rights certificate		44,171	1	-	-
	Total Capital Stock		925,287	17	881,116	18
3200	Capital Surplus		2,023,236	37	1,743,729	37
3300	Retained Earnings					
3310	Legal reserve		125,958	2	102,629	2
3320	Special reserve		98,377	2	132,311	3
3350	Undistributed earnings		426,860	8	233,295	5
	Total Retained Earnings		651,195	12	468,235	10
3400	Other Equity Interest					
3410	Differences on translation of foreign financial statements		(99,811)	(2)	(93,938)	(2)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(2,234)	-	(4,439)	-
	Total Other Equity Interest		(102,045)	(2)	(98,377)	(2)
3xxx	Total Equity		3,497,673	64	2,994,703	63
	Total Liabilities and Equity		$ 5,478,101	100	$ 4,770,514	100

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen Managerial Officer: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Accounting Items	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating Revenue	4, 6(18) and 7	$ 2,540,604	100	$ 2,149,743	100
5000	Operating Costs	4, 6(7)(20)(21) and 7	1,153,116	45	1,010,311	47
5900	Operating Gross Profit		1,387,488	55	1,139,432	53
5920	Unrealized Sales Profit		(86,085)	(3)	(66,299)	(3)
5950	Net Operating Gross Profit		1,301,403	52	1,073,133	50
6000	Operating Expenses	4, 6(19)(20)(21) and 7				
6100	Selling expenses		570,749	22	448,434	21
6200	Administrative expenses		179,445	7	159,717	7
6300	R&D expenses		159,026	6	139,665	6
6450	Expected credit impairment losses (gains)		816	-	(821)	-
	Total operating expenses		910,036	35	746,995	34
6900	Operating Profit		391,367	17	326,138	16
7000	Non-Operating Revenues and Expenses	4, 6(9)(22) and 7				
7100	Interest revenue		7,092	-	4,623	-
7010	Other revenue		32,622	1	23,417	1
7020	Other gains and losses		14,623	1	41,451	2
7050	Finance costs		(22,353)	(1)	(15,582)	(1)
7775	Share of profits (losses) of associates and joint ventures accounted for using the equity method		50,423	2	(80,959)	(4)
	Total Non-Operating Revenues and Expenses		82,407	3	(27,050)	(2)
7900	Income Before Tax		473,774	20	299,088	14
7950	Income Tax Expenses	4 and 6(24)	(89,573)	(4)	(77,555)	(4)
8200	Net Profit for the Period		384,201	16	221,533	10
8300	Other Comprehensive Income	4 and 6(23)				
8310	Components That Will not Be Reclassified to Profit or Loss					
8311	Re-Measurements of Defined Benefit Plans		(582)	-	11,762	1
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income		1,318	-	(620)	-
8320	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method – items that will not be reclassified to profit or loss		887	-	74	-
8360	Items That May Be Subsequently Reclassified to Profit or Loss					
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method – items that may be reclassified to profit or loss		(5,873)	-	39,327	2
	Other Comprehensive Income (Net Amount After tax) for Current Period		(4,250)	-	50,543	3
8500	Total Amount of Comprehensive Income for Current Period		$ 379,951	16	$ 272,076	13
	Earnings per Share (NT$)	4 and 6(25)				
9750	Basic Earnings per Share		$ 4.50		$ 2.84	
9850	Diluted Earnings per Share		$ 4.18		$ 2.51	

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen Managerial Officer: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	Capital Stock: Capital Stock - Common Shares 3100	Capital Stock: Capital - Preferred Stock 3120	Capital Stock: Bonds Conversion 3130	Capital Surplus 3200	Retained Earnings: Legal Reserve 3310	Retained Earnings: Special Reserve 3320	Retained Earnings: Undistributed Earnings 3350	Other Equity Items: Exchange Differences on Translation of Financial Statements of Foreign Operations 3410	Other Equity Items: Unrealized Gains (Losses) from Financial Assets at Fair Value Through Other Comprehensive Income 3420	Total Equity 3XXX
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	Provision of legal reserve	-	-	-	-	4,874	-	(4,874)	-	-	-
B3	Provision of special reserve	-	-	-	-	-	43,860	(43,860)	-	-	-
D1	Net profit for 2022	-	-	-	-	-	-	221,533	-	-	221,533
D3	Other comprehensive income in 2022	-	-	-	-	-	-	11,762	39,327	(546)	50,543
D5	Total amount of comprehensive income for current period	-	-	-	-	-	-	233,295	39,327	(546)	272,076
J1	Convertible preference share conversion	200	(200)	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in 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
A1	Balance as of January 1, 2023	$ 781,316	$ 99,800	$ -	$ 1,743,729	$ 102,629	$ 132,311	$ 233,295	$(93,938)	$(4,439)	$ 2,994,703
	Earnings appropriation and distribution in 2022										
B1	Provision of legal reserve	-	-	-	-	23,329	-	(23,329)	-	-	-
B3	Provision of special reserve	-	-	-	-	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	(196,027)	-	-	(196,027)
B7	Cash dividends of preference share	-	-	-	-	-	-	(4,580)	-	-	(4,580)
B17	Special reserve reversal	-	-	-	-	-	(33,934)	33,934	-	-	-
D1	Net profit for year 2023	-	-	-	-	-	-	384,201	-	-	384,201
D3	Other comprehensive income in 2023	-	-	-	-	-	-	(582)	(5,873)	2,205	(4,250)
D5	Total amount of comprehensive income for current period	-	-	-	-	-	-	383,619	(5,873)	2,205	379,951
I1	Convertible corporate bonds conversion	-	-	44,171	208,082	-	-	-	-	-	252,253
J1	Convertible preference share conversion	96,063	(96,063)	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	-	18,780	-	-	(52)	-	-	18,728
Z1	Balance as of December 31, 2023	$ 877,379	$ 3,737	$ 44,171	$ 2,023,236	$ 125,958	$ 98,377	$ 426,860	$(99,811)	$(2,234)	$ 3,497,673

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen **Managerial Officer: Lin, Yan-Shen** **Accounting Manager: Deng, Yuan-Chang**

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2022 Amount
AAAA	Cash Flow from Operating Activities:		
A10000	Current net income before tax	$ 473,774	$ 299,088
A20000	Adjustment items:		
A20010	Income and expenses items:		
A20100	Depreciation expenses	123,458	117,185
A20200	Amortization expenses	36,226	27,661
A20300	Expected credit impairment losses (gains)	816	(821)
A20400	Net losses (gains) on financial assets and liabilities measured at fair value through profit or loss	(1,571)	7,507
A20900	Interest expenses	22,353	15,582
A21200	Interest revenue	(7,092)	(4,623)
A22300	Share of losses (gains) of associates and joint ventures accounted for using the equity method	(50,423)	80,959
A22500	Loss on disposal of property, plant, and equipment	588	2,591
A23100	Loss on disposal of investments	459	-
A24000	Unrealized sales profit	86,085	66,299
A24200	Gains on repurchase of corporate bonds payable	-	(816)
A29900	Other items	(7,323)	(6,545)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Decrease (increase) in notes payable	(1,967)	965
A31150	Increase in accounts receivable	(26,420)	(82,569)
A31160	Increase in accounts receivable – related parties	(276,108)	(438,569)
A31180	Increase in other receivables	(2,457)	(4,429)
A31190	Increase in other receivables - related parties	(3,574)	(2,704)
A31200	Increase in inventories	(268,964)	(62,932)
A31230	Increase in prepayments	(47,047)	(8,284)
A31240	Increase in other current assets	(110)	(816)
A32125	Increase (decrease) in contractual liabilities	(6,784)	323
A32130	Increase in notes payable	608	1,808
A32150	Increase in accounts payable	51,223	55,525
A32160	Decrease in accounts payable – related parties	(4,387)	(1,625)
A32180	Increase in other payables	121,268	136,843
A32190	Increase (decrease) in other payables – related parties	(1,550)	1,550
A32230	Increase (decrease) in other current liabilities	2,568	(2,566)
A32240	Increase (decrease) in net defined benefit liabilities	(246)	26
A33000	Cash inflow generated from operations	213,403	196,613
A33100	Interest received	5,551	4,119
A33200	Dividends received	10,090	15,135
A33500	Income tax paid	(113,236)	(35,472)
AAAA	Net Cash Flows Generated from Operating Activities	115,808	180,395
BBBB	Cash Flow from Investment Activities:		
B00040	Acquisition of financial assets at amortized cost	(1,873)	(5,297)
B00050	Disposal of financial assets at amortized cost	-	7,137
B00100	Acquisition of financial assets at fair value through profit or loss	(8,010)	(15,000)
B00200	Disposal of financial assets at fair value through profit or loss	4,540	-
B01800	Acquisition of investments accounted for using equity method	(34,401)	(19,023)
B01900	Disposal of investments accounted for using equity method	-	411
B02700	Acquisition of property, plant, and equipment	(80,550)	(54,455)
B02800	Disposal of property, plant and equipment	181	129
B03700	Increase in refundable deposits	(3,437)	(4,048)
B04500	Acquisition of intangible assets	(33,649)	(37,119)
B06100	Decrease in lease payments receivable	5,322	-
B06800	Increase in other non-current assets	(1)	(1)
B07100	Increase in prepayments for business facilities	(64,830)	(7,914)
BBBB	Net Cash Outflows from Investing Activities	(216,708)	(135,180)
CCCC	Cash Flows from Financing Activities:		
C00100	Increase in short-term loans	2,184,682	2,963,959
C00200	Decrease in short-term loans	(2,320,999)	(3,066,708)
C01200	Issuance of corporate bonds	532,846	-
C01300	Repayments of corporate bonds	-	(500,000)
C01600	Proceeds from long-term loans	-	335,000
C01700	Repayments of long-term loans	(25,341)	(12,591)
C03000	Increase in refundable deposits	3,947	-
C04020	Lease principal repayments	(7,279)	(7,870)
C04500	Cash dividends paid	(200,607)	-
C05600	Interest paid	(14,778)	(8,688)
CCCC	Net Cash Inflows (Outflows) from Financing Activities	152,471	(296,898)
EEEE	Increase (Decrease) in Cash and Cash Equivalents for the Current Period	51,571	(251,683)
E00100	Beginning Balance of Cash and Cash Equivalents	232,702	484,385
E00200	Cash and Cash Equivalents at end of Period	$ 284,273	$ 232,702

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen **Managerial Officer: Lin, Yan-Shen** **Accounting Manager: Deng, Yuan-Chang**

Attachment 4 Independent Auditors' Report and 2023 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

To United Orthopedic Corporation:

Audit Opinion

We have audited the parent company only balance sheets of United Orthopedic Corporation as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to the 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, 2023 and 2022, 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 Audit Opinion

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

Key Audit Matters

Key audit matters are 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, 2023 based on our professional judgment. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Inventory Valuation

The net inventories of United Orthopedic Corporation were NT$912,574 thousand, which accounted for 17% of the parent company only total assets. It was 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: We understood and evaluated 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$2,540,604 thousand, which is significant to the parent company only financial statements. Due to the nature of the industry, the performance obligation is not satisfied until the customer obtains control over 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: We evaluated the appropriateness of the accounting policy for revenue recognition, and learned and tested 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 operating revenue disclosures in Note 6 to the consolidated financial statements.

Key Audit Matters (Continued)

<u>Recognition of Intangible Assets Arising from Internal Development</u>

United Orthopedic Equipment Co., Ltd. net carrying amount of intangible assets was NT$29,888 thousand on December 31, 2023, which is significant for 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.

Responsibilities of the Management and Governance Bodies 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 for preparing and maintaining necessary internal control procedures pertaining to the parent company only financial statements.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of United Orthopedic Corporation in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the United Orthopedic Corporation or cease the operations, or has no realistic alternative but to do so.

The governance bodies of United Orthopedic Corporation (including the audit committee or supervisors) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

We have exercised our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. The accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain necessary knowledge concerning internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Orthopedic Corporation's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on United Orthopedic Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in United Orthopedic Corporation ceasing to continue as a going concern.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements (Continued)

5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and items.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within United Orthopedic Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on United Orthopedic Corporation.

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

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

From the matters communicated with 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, 2023. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors’ report are Lin, Shih-Huan and Hsu, Jung-Huang.

Ernst & Young
Taipei, Taiwan
Republic of China
March 13, 2024

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and December 31, 2022

Unit: NT$ thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting Items	Note	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4 and 6(1)	$ 284,272	5	$ 232,702	5
1110	Financial assets at fair value through profit or loss - Current	4 and 6(2)	8,887	-	13,401	-
1150	Net notes receivable	4 and 6(5)(19)	3,379	-	1,412	-
1170	Net accounts receivable	4 and 6(6)(19)	369,417	7	343,813	7
1180	Net notes receivable - Related parties	4, 6(6)(19) and 7	1,213,514	22	855,098	18
1197	Net receivables under finance leases	4 and 6(7)(19)(20)	6,226	-	-	-
1200	Other receivables	4 and 7	7,909	-	5,703	-
1210	Other net receivables – Related parties	4 and 7	6,806	-	3,232	-
130x	Inventories	4 and 6(8)	912,574	17	663,677	14
1410	Prepayments	7	69,526	2	22,479	1
1470	Other current assets		997	-	887	-
11xx	Total Current Assets		2,883,507	53	2,142,404	45
	Non-Current Assets					
1510	Financial assets measured at fair value through profit or loss – non-current	4 and 6(2)	8,459	-	-	-
1517	Financial assets measured at fair value through other comprehensive income – non-current	4 and 6(3)	53,081	1	51,763	1
1535	Financial assets at amortized cost – non-current	4, 6(4) and 8	8,853	-	6,980	-
1550	Investment accounted for using equity method	4 and 6(9)	1,174,665	22	1,172,273	25
1600	Property, plant, and equipment	4, 6(10) and 8	773,731	14	806,111	17
1755	Right-of-use assets	4 and 6(20)	125,701	2	131,661	3
1780	Intangible assets	4 and 6(11)	155,995	3	157,844	3
1840	Deferred income tax assets	4 and 6(24)	99,892	2	92,319	2
1900	Other non-current assets	7	175,929	3	200,846	4
194D	Long-term net receivables under finance leases	4 and 6(7)(19)(20)	10,311	-	-	-
1975	Net defined benefit assets - non-current	4 and 6(16)	7,977	-	8,313	-
15xx	Total Non-Current Assets		2,594,594	47	2,628,110	55
1xxx	Total Assets		$ 5,478,101	100	$ 4,770,514	100

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen Managerial Officer: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounting Items	Note	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4 and 6(12)	$ 400,000	8	$ 536,317	11
2130	Contract liabilities - Current	4 and 6(18)	398	-	7,182	-
2150	Notes payable	4	2,602	-	1,994	-
2170	Accounts Payable	4	173,308	3	122,085	3
2180	Accounts payable - Related parties	4 and 7	13,382	-	17,769	-
2200	Other payables	4	492,751	9	371,483	8
2220	Other payables - Related parties	4 and 7	-	-	1,550	-
2230	Current income tax liabilities	4 and 6(24)	54,365	1	70,688	1
2280	Lease liabilities - Current	4 and 6(20)	4,714	-	5,231	-
2300	Other current liabilities		10,493	-	7,925	-
2322	Long-term loan due within one year or one operating cycle	4, 6(15) and 8	46,175	1	31,591	1
21xx	Total Current Liabilities		1,198,188	22	1,173,815	24
	Non-Current Liabilities					
2500	Financial liabilities measured at fair value through profit or loss – Non-current	4 and 6(13)	1,762	-	-	-
2530	Corporate bonds payable	4 and 6(14)	226,264	4	-	-
2540	Long-term loans	4, 6(15) and 8	365,584	7	405,509	9
2570	Deferred income tax liabilities	4 and 6(24)	306	-	73	-
2580	Lease liabilities – non-current	4 and 6(20)	125,337	2	130,051	3
2600	Other non-current liabilities		4,616	-	669	-
2630	Long-term deferred income	4 and 6(9)	58,371	1	65,694	1
25xx	Total Non-Current Liabilities		782,240	14	601,996	13
2xxx	Total Liabilities		1,980,428	36	1,775,811	37
	Equity	4 and 6(13)(17)(26)				
3100	Capital Stock					
3110	Capital stock - common shares		877,379	16	781,316	16
3120	Capital - preferred stock		3,737	-	99,800	2
3130	Bonds conversion rights certificate		44,171	1	-	-
	Total Capital Stock		925,287	17	881,116	18
3200	Capital Surplus		2,023,236	37	1,743,729	37
3300	Retained Earnings					
3310	Legal reserve		125,958	2	102,629	2
3320	Special reserve		98,377	2	132,311	3
3350	Undistributed earnings		426,860	8	233,295	5
	Total Retained Earnings		651,195	12	468,235	10
3400	Other Equity Interest					
3410	Differences on translation of foreign financial statements		(99,811)	(2)	(93,938)	(2)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(2,234)	-	(4,439)	-
	Total Other Equity Interest		(102,045)	(2)	(98,377)	(2)
3xxx	Total Equity		3,497,673	64	2,994,703	63
	Total Liabilities and Equity		$ 5,478,101	100	$ 4,770,514	100

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen Managerial Officer: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Accounting Items	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating Revenue	4, 6(18) and 7	$ 2,540,604	100	$ 2,149,743	100
5000	Operating Costs	4, 6(7)(20)(21) and 7	1,153,116	45	1,010,311	47
5900	Operating Gross Profit		1,387,488	55	1,139,432	53
5920	Unrealized Sales Profit		(86,085)	(3)	(66,299)	(3)
5950	Net Operating Gross Profit		1,301,403	52	1,073,133	50
6000	Operating Expenses	4, 6(19)(20)(21) and 7				
6100	Selling expenses		570,749	22	448,434	21
6200	Administrative expenses		179,445	7	159,717	7
6300	R&D expenses		159,026	6	139,665	6
6450	Expected credit impairment losses (gains)		816	-	(821)	-
	Total operating expenses		910,036	35	746,995	34
6900	Operating Profit		391,367	17	326,138	16
7000	Non-Operating Revenues and Expenses	4, 6(9)(22) and 7				
7100	Interest revenue		7,092	-	4,623	-
7010	Other revenue		32,622	1	23,417	1
7020	Other gains and losses		14,623	1	41,451	2
7050	Finance costs		(22,353)	(1)	(15,582)	(1)
7775	Share of profits (losses) of associates and joint ventures accounted for using the equity method		50,423	2	(80,959)	(4)
	Total Non-Operating Revenues and Expenses		82,407	3	(27,050)	(2)
7900	Income Before Tax		473,774	20	299,088	14
7950	Income Tax Expenses	4 and 6(24)	(89,573)	(4)	(77,555)	(4)
8200	Net Profit for the Period		384,201	16	221,533	10
8300	Other Comprehensive Income	4 and 6(23)				
8310	Components That Will not Be Reclassified to Profit or Loss					
8311	Re-Measurements of Defined Benefit Plans		(582)	-	11,762	1
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income		1,318	-	(620)	-
8320	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method – items that will not be reclassified to profit or loss		887	-	74	-
8360	Items That May Be Subsequently Reclassified to Profit or Loss					
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method – items that may be reclassified to profit or loss		(5,873)	-	39,327	2
	Other Comprehensive Income (Net Amount After tax) for Current Period		(4,250)	-	50,543	3
8500	Total Amount of Comprehensive Income for Current Period		$ 379,951	16	$ 272,076	13
	Earnings per Share (NT$)	4 and 6(25)				
9750	Basic Earnings per Share		$ 4.50		$ 2.84	
9850	Diluted Earnings per Share		$ 4.18		$ 2.51	

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen Managerial Officer: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	Capital Stock				Retained Earnings			Other Equity Items		
		Capital Stock - Common Shares	Capital - Preferred Stock	Bonds Conversion	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) from Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
		3100	3120	3130	3200	3310	3320	3350	3410	3420	3XXX
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	Provision of legal reserve	-	-	-	-	4,874	-	(4,874)	-	-	-
B3	Provision of special reserve	-	-	-	-	-	43,860	(43,860)	-	-	-
D1	Net profit for 2022	-	-	-	-	-	-	221,533	-	-	221,533
D3	Other comprehensive income in 2022	-	-	-	-	-	-	11,762	39,327	(546)	50,543
D5	Total amount of comprehensive income for current period	-	-	-	-	-	-	233,295	39,327	(546)	272,076
J1	Convertible preference share conversion	200	(200)	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in 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
A1	Balance as of January 1, 2023	$ 781,316	$ 99,800	$ -	$ 1,743,729	$ 102,629	$ 132,311	$ 233,295	$(93,938)	$(4,439)	$ 2,994,703
	Earnings appropriation and distribution in 2022										
B1	Provision of legal reserve	-	-	-	-	23,329	-	(23,329)	-	-	-
B3	Provision of special reserve	-	-	-	-	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	(196,027)	-	-	(196,027)
B7	Cash dividends of preference share	-	-	-	-	-	-	(4,580)	-	-	(4,580)
B17	Special reserve reversal	-	-	-	-	-	(33,934)	33,934	-	-	-
D1	Net profit for year 2023	-	-	-	-	-	-	384,201	-	-	384,201
D3	Other comprehensive income in 2023	-	-	-	-	-	-	(582)	(5,873)	2,205	(4,250)
D5	Total amount of comprehensive income for current period	-	-	-	-	-	-	383,619	(5,873)	2,205	379,951
I1	Convertible corporate bonds conversion	-	-	44,171	208,082	-	-	-	-	-	252,253
J1	Convertible preference share conversion	96,063	(96,063)	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	-	18,780	-	-	(52)	-	-	18,728
Z1	Balance as of December 31, 2023	$ 877,379	$ 3,737	$ 44,171	$ 2,023,236	$ 125,958	$ 98,377	$ 426,860	$(99,811)	$(2,234)	$ 3,497,673

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen **Managerial Officer: Lin, Yan-Shen** **Accounting Manager: Deng, Yuan-Chang**

UNITED ORTHOPEDIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2022 Amount
AAAA	Cash Flow from Operating Activities:		
A10000	Current net income before tax	$ 473,774	$ 299,088
A20000	Adjustment items:		
A20010	Income and expenses items:		
A20100	Depreciation expenses	123,458	117,185
A20200	Amortization expenses	36,226	27,661
A20300	Expected credit impairment losses (gains)	816	(821)
A20400	Net losses (gains) on financial assets and liabilities measured at fair value through profit or loss	(1,571)	7,507
A20900	Interest expenses	22,353	15,582
A21200	Interest revenue	(7,092)	(4,623)
A22300	Share of losses (gains) of associates and joint ventures accounted for using the equity method	(50,423)	80,959
A22500	Loss on disposal of property, plant, and equipment	588	2,591
A23100	Loss on disposal of investments	459	-
A24000	Unrealized sales profit	86,085	66,299
A24200	Gains on repurchase of corporate bonds payable	-	(816)
A29900	Other items	(7,323)	(6,545)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Decrease (increase) in notes payable	(1,967)	965
A31150	Increase in accounts receivable	(26,420)	(82,569)
A31160	Increase in accounts receivable – related parties	(276,108)	(438,569)
A31180	Increase in other receivables	(2,457)	(4,429)
A31190	Increase in other receivables - related parties	(3,574)	(2,704)
A31200	Increase in inventories	(268,964)	(62,932)
A31230	Increase in prepayments	(47,047)	(8,284)
A31240	Increase in other current assets	(110)	(816)
A32125	Increase (decrease) in contractual liabilities	(6,784)	323
A32130	Increase in notes payable	608	1,808
A32150	Increase in accounts payable	51,223	55,525
A32160	Decrease in accounts payable – related parties	(4,387)	(1,625)
A32180	Increase in other payables	121,268	136,843
A32190	Increase (decrease) in other payables – related parties	(1,550)	1,550
A32230	Increase (decrease) in other current liabilities	2,568	(2,566)
A32240	Increase (decrease) in net defined benefit liabilities	(246)	26
A33000	Cash inflow generated from operations	213,403	196,613
A33100	Interest received	5,551	4,119

Code	Item	2023 Amount	2022 Amount
A33200	Dividends received	10,090	15,135
A33500	Income tax paid	(113,236)	(35,472)
AAAA	Net Cash Flows Generated from Operating Activities	115,808	180,395
BBBB	Cash Flow from Investment Activities:		
B00040	Acquisition of financial assets at amortized cost	(1,873)	(5,297)
B00050	Disposal of financial assets at amortized cost	-	7,137
B00100	Acquisition of financial assets at fair value through profit or loss	(8,010)	(15,000)
B00200	Disposal of financial assets at fair value through profit or loss	4,540	-
B01800	Acquisition of investments accounted for using equity method	(34,401)	(19,023)
B01900	Disposal of investments accounted for using equity method	-	411
B02700	Acquisition of property, plant, and equipment	(80,550)	(54,455)
B02800	Disposal of property, plant and equipment	181	129
B03700	Increase in refundable deposits	(3,437)	(4,048)
B04500	Acquisition of intangible assets	(33,649)	(37,119)
B06100	Decrease in lease payments receivable	5,322	-
B06800	Increase in other non-current assets	(1)	(1)
B07100	Increase in prepayments for business facilities	(64,830)	(7,914)
BBBB	Net Cash Outflows from Investing Activities	(216,708)	(135,180)
CCCC	Cash Flows from Financing Activities:		
C00100	Increase in short-term loans	2,184,682	2,963,959
C00200	Decrease in short-term loans	(2,320,999)	(3,066,708)
C01200	Issuance of corporate bonds	532,846	-
C01300	Repayments of corporate bonds	-	(500,000)
C01600	Proceeds from long-term loans	-	335,000
C01700	Repayments of long-term loans	(25,341)	(12,591)
C03000	Increase in refundable deposits	3,947	-
C04020	Lease principal repayments	(7,279)	(7,870)
C04500	Cash dividends paid	(200,607)	-
C05600	Interest paid	(14,778)	(8,688)
CCCC	Net Cash Inflows (Outflows) from Financing Activities	152,471	(296,898)
EEEE	Increase (Decrease) in Cash and Cash Equivalents for the Current Period	51,571	(251,683)
E00100	Beginning Balance of Cash and Cash Equivalents	232,702	484,385
E00200	Cash and Cash Equivalents at end of Period	$ 284,273	$ 232,702

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Shen **Managerial Officer: Lin, Yan-Shen** **Accounting Manager: Deng, Yuan-Chang**

Attachment 5 Earnings Distribution Statemen

UNITED ORTHOPEDIC CORPORATION

Earnings Distribution Statement

2023

Unit: NT$

Item	Amount
Beginning undistributed earnings (Note 1)	43,292,563
Add: Net profit after tax in 2023	384,200,811
Add: Other comprehensive income in 2023	(581,908)
Less: Changes in ownership interests in subsidiaries	(52,819)
Less: Provision of 10% of legal reserve(Note 2)	(38,356,608)
Add: Reversal amount of special reserve	(3,668,749)
Distributable profit for the year	384,833,290
Distribution Item	
Class A Preferred Stock Dividend (Distribution of NT$ 2.34 per share) (Note 3, Note 4)	(552,479)
Common Stock Cash Dividend (Distribution of NT$ 3.99250144 per share) (Note 3, Note 4, Note 5)	(384,280,811)
Ending undistributed earnings	0

Note 1: The unappropriated retained earnings at the beginning of the period include an adjustment of NT$ 18,120,448 for the distribution of dividends on Class A Preferred Shares A in 2022.

Note 2: The appropriation of earnings in 2023 includes a dividend of NT$ 552,479 (NT$ 12,277,304 * 4.5%) on Class A Preferred Stock.

Note 3: The cash dividends for the current year will be distributed from the 2023 earnings appropriation first, and any remaining amount will be appropriated from retained earnings of previous years.

Note 4: Cash dividends are calculated based on the distribution ratio, with any amount less than NT$ 1 being truncated. Any remaining amount less than NT$ 1 will be adjusted in descending order of decimal places and ascending order of account numbers until the total distribution amount of cash dividends is met.

Note 5: If the number of outstanding shares changes on the ex-dividend date, the Chairman is authorized to adjust the cash dividend distribution amount per common share based on the actual total number of outstanding shares on the ex-dividend date.

Person in Charge: Lin, Yan-Shen

Managerial Officer: Lin, Yan-Shen

Accountant in Charge: Deng, Yuan-Chang

Attachment 6 Procedures for Ethical Management and Guidelines for Conduct

UNITED ORTHOPEDIC CORPORATION

Procedures for Ethical Management and Guidelines for Conduct

Article 1 Establish the purpose and scope of application

Based on the principles of fairness, honesty, trustworthiness, and transparency, the Company engages in business activities. To implement the integrity management policy, this set of operating procedures and guidelines has been established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," specifically regulating matters that the Company's personnel should pay attention to when conducting business.

The scope of application of these operating procedures and guidelines extends to the Company's subsidiaries, institutions or juristic persons that the Company directly or indirectly holds more than 50% of the voting shares and has substantial control over.

Article 2 Applicable subjects

The term "Company personnel" in these operating procedures and guidelines refers to directors (including independent directors; the same shall apply hereinafter), managerial officers, employees, and persons having substantial control over the Company and its group enterprises and organizations.

When a third party provides, promises, requests, or accepts any improper benefit on behalf of the Company's personnel, it is presumed to be an act conducted by the Company's personnel.

Article 3 Unethical conduct

The term "unethical conduct" in these operating procedures and guidelines refers to when the Company's personnel, while conducting business, directly or indirectly provides, receives, promises, or requests any improper benefit, or engages in other acts that violate integrity, are illegal, or breach fiduciary duty for the purpose of acquiring or maintaining benefits.

The subjects of the aforementioned conduct include public officials, political candidates, political parties or members of political parties, and directors (governors), supervisors (inspectors), managerial officers, employees or persons with substantial control or other stakeholders of public or private enterprises or institutions.

Article 4 Types of benefits

The term "benefits" in these operating procedures and guidelines refers to anything in any form or under any name, including money, gifts, commissions, positions, services, preferential treatment, fees, entertainment, hospitality, etc., or other interests of any value.

Article 5 Dedicated Unit

The Company shall designate the Corporate Governance Group as the dedicated unit (hereinafter referred to as the "Dedicated Unit") responsible for amending, implementing, interpreting, providing consultation services, and recording the contents reported for these operating procedures and guidelines, as well as overseeing the implementation. The Dedicated Unit shall report to the Sustainable Development Committee for review on a regular basis and then report to the Board of Directors.

Article 6 Prohibition against providing or accepting improper benefits

Except under the circumstances listed in the following clauses, when the Company's personnel directly or indirectly provide, receive, promise, or request the benefits specified in Article 4, they must comply with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and these operating procedures and guidelines, and follow the relevant procedures before proceeding:

1. Based on business needs, when conducting visits, receiving guests, promoting business, and facilitating communication and coordination in Taiwan or overseas, it is conducted in accordance with local customs, conventions, or practices.

2. Based on normal social customs, commercial purposes, or to promote relationships, when participating in or hosting normal social activities.

3. When inviting customers or being invited to participate in specific business activities, factory visits, etc., due to business needs, and where the expenses, number of participants, accommodation levels, and duration of such activities have been specified in advance.

4. Participating in public folk festivals or events that are open to the general public.

5. Rewards, assistance, condolences, or consolations from supervisors.

6. Other activities that comply with social customs or the Company's regulations.

Article 7 Procedures for handling improper benefits received

When the Company's personnel encounter situations where others directly or indirectly provide or promise the benefits specified in Article 4, except under the circumstances set forth in the preceding article, the following procedures should be followed:

1. If the provider or promiser does not have an employment relationship with the recipient, the recipient shall report to their immediate supervisor within three days of receiving the benefit and notify the Dedicated Unit if necessary.

2. If the provider or promiser has an employment relationship with the recipient, the benefit should be returned or refused, and the recipient shall report to their immediate supervisor and notify the Dedicated Unit; if the benefit cannot be returned, it should be handed over to the Dedicated Unit within three days of receipt for handling.

The term “having an employment relationship” in the preceding paragraph refers to one of the following situations:

1. Having commercial transactions, supervisory relationships, or fee/reward subsidies.

2. Seeking, undertaking, or having established contracts for contracting, buying and selling, or other relationships.

3. Other situations where the Company’s decisions, actions, or inactions may result in benefits or disadvantages.

The Dedicated Unit shall propose appropriate suggestions, such as returning, paying fees for acceptance, donating to charitable organizations, or other proper measures, based on the nature and value of the property mentioned in the first paragraph. These suggestions shall be reported to and approved by the Chairman before implementation.

Article 8 Prohibition against facilitation payments and handling procedures

The Company shall not provide or promise any facilitation payments.

If the Company’s personnel provide or promise facilitation payments due to threats or intimidation, they should record the process and report to their immediate supervisor and notify the Dedicated Unit.

Upon receiving the notification mentioned in the preceding paragraph, the Dedicated Unit shall take immediate action, review the relevant incidents, and work to reduce the risk of recurrence. If any illegal activities are discovered, the judicial authorities should be notified immediately.

Article 9 Political neutrality

When providing political contributions, the Company shall comply with the relevant laws and regulations governing political contributions in the countries where the recipients are located and shall not engage in such contributions to gain commercial benefits or transaction advantages.

Article 10 Procedures for handling donations or sponsorships

The Company shall follow the procedures below when making donations or sponsorships:

1. Comply with relevant laws and regulations in the locations where the Company operates.
2. Decision-making should be documented in writing.
3. Donations should not be used as a disguise for bribery.
4. The feedback received from sponsorships should be clear and reasonable.
5. After making donations or sponsorships, the Company should confirm that the intended purposes are consistent with the actual uses of the funds.

Article 11 Avoidance of conflicts of interest

When the Company's personnel encounter potential conflicts of interest while conducting company business, or situations where they, their spouses, parents, children, or stakeholders may gain improper benefits, they should immediately report such circumstances to their immediate supervisors and the Dedicated Unit. The immediate supervisor should provide appropriate guidance.

The Company's personnel shall not use company resources for personal commercial activities, nor shall their participation in external commercial activities affect their work performance.

Article 12 Organization and responsibilities of the confidentiality mechanism

The Company's personnel shall comply with relevant operational regulations regarding intellectual property and shall not disclose the Company's trade secrets, trademarks, patents, copyrights, or other intellectual property to others. They shall also not inquire about or collect the Company's trade secrets, trademarks, patents, copyrights, or other intellectual property unrelated to their duties.

Article 13 Preventing damage to stakeholders' interests from products or services

The Company shall collect and understand relevant laws, regulations, and international standards that its products and services should comply with, compile and announce matters that require attention, and ensure the transparency and safety of product and service information during the research, development, procurement, manufacturing, provision, or sales processes to prevent direct or indirect harm to the rights, health, and safety of consumers or other stakeholders.

The Company shall establish and disclose on its website policies for protecting the rights and interests of consumers or other stakeholders to prevent products or services from directly or indirectly damaging the rights, health, and safety of consumers or other stakeholders.

If media reports or facts indicate potential threats to consumer or stakeholder safety and health from the Company's products or services, the Company shall immediately investigate the veracity of such reports and propose review and improvement plans. The aforementioned situation, handling methods, and subsequent review and improvement measures shall be reported to the Board of Directors.

Article 14 Prohibition against disclosure of trade secrets

The Company's personnel shall comply with relevant operational regulations regarding trade secrets and shall not disclose the Company's trade secrets to others or inquire about or collect the Company's trade secrets unrelated to their duties.

Article 15 External promotion of integrity management policies

The Company shall disclose its integrity management policies in its internal rules, annual reports, company websites, or other publications and actively promote them during product launches, institutional investor conferences, and other external activities to ensure that suppliers, customers, and other business-related institutions and personnel clearly understand the Company's integrity management philosophies and regulations.

Article 16 Integrity assessment prior to establishing business relationships

Before establishing business relationships, the Company shall first assess the legality, integrity management policies, and records of unethical conduct of agents, suppliers, customers, or other business counterparts to ensure that their business operations are fair, transparent, and do not involve requests, provisions, or acceptance of bribes.

When conducting the aforementioned assessments, the Company may adopt appropriate audit procedures to review the following items of its business counterparts to understand their integrity management status:

1. The country, operation location, organizational structure, business policies, and payment locations of the enterprise.

2. Whether the enterprise has established integrity management policies and their implementation status.

3. Whether the enterprise's operation location is a high-risk country for corruption.

4. Whether the enterprise's business is a high-risk industry for bribery.

5. The enterprise's long-term operational status and reputation.

6. Consulting the enterprise's partners about their opinions on the enterprise.

7. Whether the enterprise has any records of unethical conduct such as bribery or illegal political contributions.

Article 17 Explaining integrity management policies to business counterparts

When engaging in business activities, the Company's personnel shall explain the Company's integrity management policies and relevant regulations to counterparties and clearly refuse to directly or indirectly provide, promise, request, or accept any improper benefits, including commissions, facilitation payments, or other means of providing or receiving improper benefits.

Article 18 Avoiding transactions with unethical operators

The Company's personnel shall avoid conducting business transactions with agents, suppliers, customers, or other business counterparts who engage in unethical business practices. If a business counterpart is found to have engaged in unethical conduct, business dealings with them should be terminated immediately, and they should be listed as a prohibited counterparty to implement the Company's integrity management policies.

Article 19 Handling unethical conduct by company personnel

Upon discovering or being notified of unethical conduct by the Company's personnel, the Company shall immediately investigate the relevant facts. If the personnel are found to have violated relevant laws or the Company's integrity management policies and regulations, the Company shall immediately demand that the personnel cease such conduct and take appropriate disciplinary actions. If necessary, legal proceedings shall be initiated to seek compensation for damages to uphold the Company's reputation and interests.

For confirmed instances of unethical conduct, the Company shall task relevant units to review and propose improvements to the internal control systems and operational procedures to prevent recurrence of the same conduct. The Dedicated Unit shall report the unethical conduct, handling methods, and subsequent review and improvement measures to the Board of Directors.

Article 20 Handling unethical conduct towards the Company by others

If the Company's personnel encounter others engaging in unethical conduct towards the Company, and such conduct involves illegal activities, the Company shall notify the judicial or prosecutorial authorities. If public agencies or public officials are involved, the government anti-corruption authorities should also be notified.

Article 21 Establishing a reward, disciplinary, and appeal system, and disciplinary measures

The Company should incorporate ethical management into the employee performance evaluations and human resource policies, and establish clear and effective reward, punishment, and grievance systems.

For serious violations of integrity by the Company's personnel, the Company shall take disciplinary actions, such as dismissal or termination of employment, in accordance with relevant laws or the Company's personnel regulations.

The Company shall disclose information such as the job titles, names, dates of violations, violation details, and handling situations of personnel who have violated integrity on its internal website.

Article 22 Implementation

These operating procedures and guidelines shall be implemented after being approved by the Board of Directors and reported to the shareholders' meeting. The same shall apply to any amendments.

Attachment 7 Comparison Table of Amendments to the Rules of Procedure for Shareholders' Meetings

UNITED ORTHOPEDIC CORPORATION

Amendment Comparison Table of Rules of Procedure for Shareholders' Meetings

Articles After Amendment	Articles Before Amendment	Reason for Amendment
Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors. The Company convened a video conference shareholders' meeting. Unless otherwise provided in the regulations governing the handling of stock affairs by public companies, it should be specified in the articles of incorporation and resolved by the board of directors. Additionally, the video shareholders' meeting should be held with the resolution approved by more than two-thirds of the attending directors and a majority of the attending directors. The following is omitted.	Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors. The following is omitted.	Due to the Company holding a video shareholder meeting, shareholders cannot attend a physical meeting and can only participate in the shareholder meeting via video, which imposes more restrictions on shareholder rights. To protect shareholder rights, a second paragraph is added to clarify that when a company holds a video shareholder meeting, except as otherwise provided in the regulations for public companies handling stock affairs, it should be specified in the Company charter and resolved by the board of directors, and the Company's convening of a video shareholder meeting should be resolved by a special resolution with the attendance of more than two-thirds of the directors and the consent of more than half of the attending directors.
Article 6-1 When convening a video conference for a shareholders' meeting, the following matters should be stated in the notice of the shareholders' meeting: Paragraphs 1 and 2 are omitted. To convene a virtual-only shareholders meeting,	Article 6-1 When convening a video conference for a shareholders' meeting, the following matters should be stated in the notice of the shareholders' meeting: Paragraphs 1 and 2 are omitted. To convene a virtual-only shareholders meeting,	Considering the convening of a video shareholders' meeting, shareholders can only participate in the shareholders' meeting via video. To provide appropriate alternative measures for shareholders who have difficulty participating in the shareholders' meeting via video, and to assist them in using the connection

Articles After Amendment	Articles Before Amendment	Reason for Amendment
appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified. Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, companies shall provide shareholders with the necessary equipment and assistance for remote participation, and record the period during which shareholders may apply to the Company and other relevant matters to be noted.	appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.	equipment to participate in the shareholders' meeting, the second half of the third paragraph is added to clarify that when a company convenes a video shareholders' meeting, it should at least provide the aforementioned shareholders with connection equipment, venues, and on-site personnel to provide necessary assistance, and should specify in the notice of the shareholders' meeting the period during which shareholders may apply to the Company and other relevant matters to be noted. Furthermore, considering the situation where the Regulations Governing the Administration of Shareholder Services of Public Companies, Article 44-9, Paragraph 6 stipulates that due to natural disasters, incidents, or other force majeure events, when the Ministry of Economic Affairs announces that companies may convene shareholders' meetings via video conference without specifying in the Articles of Incorporation for a certain period, since necessary supporting measures must be provided according to the situation at that time, an exception is added to the third paragraph, clarifying that if the situation stipulated in Article 44-9, Paragraph 6 occurs, the second half of the third paragraph does not apply.

Articles After Amendment	Articles Before Amendment	Reason for Amendment
Article 22 When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, companies shall provide shareholders with the necessary equipment and assistance for remote participation, and record the period during which shareholders may apply to the Company and other relevant matters to be noted.	This article has been added.	The reason for amendment is the same as Article 6-1.
Article 23 Matters not provided for in these Regulations shall be handled in accordance with the provisions of the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.	Article 22 Matters not provided for in these Regulations shall be handled in accordance with the provisions of the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.	Article 22 is added and subsequent articles are renumbered accordingly.
Article 24 These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.	Article 23 These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.	

Appendix 1　Articles of Incorporation

UNITED ORTHOPEDIC CORPORATION

Articles of Incorporation

Chapter 1　General Provisions

Article 1: The Company is organized and named 聯合骨科器材股份有限公司 in accordance with the provisions of the Company Act. The English name is United Orthopedic Corporation.

Article 2: The business operations of the Company are as follows:

1. Research, development, production and sales on the following products:
   - (1) Artificial orthopedic implants: including artificial joints, artificial bone plates, intramedullary rods, bone pins, etc.
   - (2) Orthopedic surgical equipment and its manufacturing equipment.
   - (3) Special metal and plastic materials.
2. The import, export and trade of aforementioned products.

Article 3: The Company's headquarters is located in the Hsinchu Science and Industrial Park. If necessary, upon resolution by the Board of Directors and approval by the competent authority, it may establish branches and offices domestically and abroad.

Article 4: The Company may provide endorsements and guarantees for business needs.

The Company's investment in other companies shall not be subject to the restriction that the total investment shall not exceed 40% of the paid-up capital as prescribed in Article 13 of the Company Act. Matters related to investment in other companies shall be handled by resolution of the Board of Directors.

Chapter 2　Shares

Article 5: The authorized capital of the Company is NT$ 1.5 billion, divided into 150 million shares with a par value of NT$ 10 per share, to be issued in installments. The un-issued shares shall be issued upon resolution by the Board of Directors as needed. Preferred shares may be issued from the aforementioned shares.

Article 6: The rights and other important issuance terms of the Company's preferred shares are as follows:

1. 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. The Company has discretion over the distribution of preference share dividends.

2. The dividend rate of Preferred Shares is capped at 8% per annum on the issue price. Cash dividends will be distributed annually in arrears. Once the Company's Audited Financial Reports have been acknowledged in the annual general meeting of the shareholders, the Board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the Preferred Shares remained outstanding in that year.

3. If the Company does not generate any or sufficient profits during the year for the distribution of preference share dividends, it may resolve not to pay out the dividends and preference shareholders have no rights to object. If the Preferred Shares issued are specified as non-cumulative, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.

4. Except for the dividend prescribed in subparagraph 2 of this Article 5-1, Preferred Shareholders, if holding non-participating preferred shares, are not entitled to participate in the distribution of cash or stock dividends with regard of the Common Shares derived from earnings or capital reserves.

5. When the Company issues new shares for cash, preferred shareholders and common shareholders have the same preemptive rights.

6. Holders of preferred shares have priority over common shareholders in the distribution of the Company's remaining assets, and have the same order of compensation as holders of other classes of preferred shares issued by the Company, but are subordinate to general creditors, subject to the limitation that the amount distributed shall not exceed the outstanding number of issued preferred shares multiplied by the issue price.

7. The holders of the Preferred Shares will have no voting rights and no rights to vote on election of directors but are entitled to be elected as directors. Holders of outstanding Preferred Shareholders have mandatory voting rights with respect to agendas that would affect Preferred Shares in Preferred Shareholders' meetings and in Shareholders' meetings.

8. For the preferred shares issued by the Company, if they are convertible preferred shares, they cannot be converted within one year from the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of convertible Preferred Shares may, pursuant to

the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Dividend distribution at the year of conversion shall be calculated based on the ratio between the actual issuance days and total days of the conversion year, provided, however, that when said shares are converted prior to the ex-dividend date of any given year, the shareholder may not participate in the preferred share dividend distribution of that year and the dividend distribution of the year after, but such shareholder may participate in the distribution of profit and capital reserve to holders of common shares.

9. Preferred shares have no maturity date. Preferred shareholders have no right to demand the Company to redeem their preferred shares, but the Company may, from the day after the fifth anniversary of the issuance, redeem all or part of the preferred shares in cash at the original actual issue price and related issuance regulations, or by issuing new shares for mandatory conversion or other legally permitted methods. The preferred shares that have not been redeemed will continue to maintain the rights and obligations of the respective issuance conditions until the Company redeems them. In the year of redeeming preferred the stocks, if the Company's shareholders' meeting makes the resolution to distribute dividends, the distributable dividends up to the date of redemption shall be calculated according to the actual issuance days of the current year.

10. Preferred shares and ordinary shares converted therefrom, the Board of Directors is authorized to handle the listing matters in view of the Company's and market's conditions.

The name, issuance date, specific issuance conditions and other relevant matters of the preferred shares shall be determined by the Board of Directors at the time of actual issuance, in accordance with the capital market conditions and investors' subscription intentions, and in compliance with the Company's Articles of Incorporation and relevant laws and regulations.

Article 7: The Company's share certificate is registered, which is issued after being signed or sealed by a director representing the Company and attested in accordance with laws. The Company may issue shares without physical certificates, and such shares shall be registered with a central securities depository.

Article 8: The transfer of stock ownership and name change shall be suspended within 60 days before the annual general meeting of shareholders, within 30 days before the extraordinary general meeting of shareholders, or within 5 days before the record date for distribution of dividends, bonuses, or other benefits by the Company.

Chapter 3 Shareholders' Meeting

Article 9: The shareholders' meetings are of two types: annual meetings and extraordinary meetings. Annual meetings shall be convened by the Board of Directors according to relevant laws once a year within six months after the end of each fiscal year. Extraordinary meetings may be duly convened according to relevant laws whenever the Company deems it necessary. The Preferred Shareholders' meeting may be convened when it deemed necessary in accordance with applicable laws and regulations.

Article 10: If a shareholder is unable to attend the shareholders' meeting for any reason, that shareholder may appoint a proxy agent to attend by presenting a power of attorney printed by the Company specifying the scope of power authorized to the proxy agent. The use of proxy forms shall be handled in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" issued by the competent authority.

Article 11: The Company's shareholders have one vote per share.

Article 12: Except as otherwise provided in relevant laws and regulations, the adoption of a proposal in a shareholders' meeting shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, and the attending shareholders require the representation of a majority of all shares issued by the Company. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 12-1: When a shareholders' meeting is held, it can be conducted via video conferencing or other methods announced by the Ministry of Economic Affairs.

Chapter 4 Director

Article 13: The Company shall have nine to eleven directors, with 3 years of tenure, and shall be elected from legally competent persons at the shareholders' meeting; re-elected directors may serve consecutive terms. After the public issuance of the Company's shares, the total shareholding ratio of all its directors shall be in accordance with relevant regulations of competent security authorities.

Among the number of directors of the Board prescribed in the preceding article, the number of independent directors of the Company shall be no less than three or no less than one fifth of the total number of directors, whichever is higher. The election of directors (including independent directors) of the Company adopts a candidate nomination system, and the shareholders' meeting shall elect from the list of independent director candidates. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

The Company may obtain liability insurance to cover indemnification obligations of directors officers arisen from performing their duties during tenure of their offices.

Article 13-1: The Company shall establish an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, and the Audit Committee shall replace the supervisors and be responsible for executing the powers and duties prescribed by the Company Act, the Securities and Exchange Act, and other laws and regulations.

Article 14: The board of directors is composed of directors, and a chairman of the board shall be elected from among the directors present at a meeting attended by more than two-thirds of the directors and with the concurrence of a majority of the directors present to represent the Company.

Article 15: The Board of Directors shall be chaired by the chairperson. If the chairperson takes leave or is unable to exercise his powers for any reason, he shall appoint one person to act on his behalf. If the Chairman does not designate an acting representative, the directors shall elect one from among themselves to act on behalf of the Chairman. The resolution method of the Board of Directors shall be handled in accordance with the provisions of the Company Act. If a director is unable to attend for some reason, they must provide a written authorization to appoint another director as their proxy, but each director is limited to being a proxy for one person.

Article 16: The remuneration of the chairman and directors shall be determined by the board of directors with reference to the extent of their participation and contribution to the Company's operations and the normal standards of the industry.

Chapter 5 Managerial Officer

Article 17: The Company shall appoint a general manager, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18: The Company's fiscal year shall commence on January 1 and end on December 31 of each year, with December 31st being the end of the annual closing period for each fiscal year. The Board of Directors shall prepare the following documents, which shall be audited by the Audit Committee and submitted to the Shareholders' Meeting for approval:

1. Business Report
2. Financial Statements
3. Proposal Concerning the Distribution of Earnings or Covering of Losses.

Article 19: Deleted.

Article 20: 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 employees' remuneration and no more than 3% as directors' remuneration. However, when the Company has accumulated losses (including adjustment on non-distributed earnings), the loss should offset first from profits.

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

Article 20-1: In case there are profits after tax at the closing account of the current year, the Company shall first make up the accumulated deficit (including adjustment on non-distributed earnings) and retain 10% as legal reserve in accordance with the law; however, when the legal reserve exceeds the registered capital of the Company, it is not subject to this limitation. After the special 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 reserve required by law, for the insufficient amount of the "net deduction of other equity accumulated in the previous period," before the earnings distribution, it should first set aside the undistributed earnings of the previous period The special reserve with the same amount set aside, if it is still insufficient, then add the net profit of the current period plus the net profit after tax of the current period to the amount included in the undistributed earnings of the current period.

The cash dividends or bonuses distributed in the preceding paragraph, as well as the distribution of capital surplus or legal reserve in cash, shall be authorized by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of the total number of directors, and such distribution shall be reported to the shareholders' meeting.

Chapter 7 Supplementary Provisions

Article 21: Matters not covered in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 22: The Articles of Incorporation are hereby first adopted on February 1, 1993.

The first amendment was made on April 9, 1994.

The second amendment was made on August 31, 1994.

The third amendment was made on December 15, 1996.

The fourth amendment was made on December 15, 1996.

The fifth amendment was made on May 15, 1997.

The sixth amendment was made on July 15, 1997.

The seventh amendment was made on January 5, 1998.

The eighth amendment was made on June 5, 1998.

The ninth 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.

The 24th amendment was made on June 15, 2023.

United Orthopedic Corporation

Person in Charge: Lin, Yan-Shen

Appendix 2 Rules of Procedure for Shareholders' Meetings

UNITED ORTHOPEDIC CORPORATION

Rules of Procedure for Shareholders' Meetings

Article 1 (Basis for the Establishment of the Rules)

The Rules of Procedure for Shareholders' Meetings (the Rules) are established in accordance with Article 11 of the Corporate Governance Best-Practice Principles for Financial Holding Companies to provide sound governance over the Company's Shareholders' Meetings, thereby enhancing the supervisory function of shareholders.

Article 2 Unless otherwise specified by laws and regulations or the Articles of Incorporation, Shareholders' Meetings of the Company shall be conducted in accordance with the Rules.

Article 3 (Convention and notice of Shareholders' Meetings)

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

Changes to how the Company convenes its Shareholders' Meetings shall be resolved by the Board of Directors and shall be made no later than the mailing date of the Shareholders' Meeting notice.

For the convention of an annual general meeting, notices shall be sent to all shareholders 30 days before the convention of the meeting, and for shareholders holding less than 1,000 registered shares, the announcement method of uploading onto the Market Observation Post System (MOPS) may be adopted 30 days before the convention of the meeting. The convening of an extraordinary general meeting shall be notified to each shareholder 15 days in advance. For shareholders holding less than 1,000 registered shares, a notice may be given 15 days in advance by announcing it on the Market Observation Post System (MOPS).

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement.

Matters such as electing directors, amending the Articles of Incorporation, reducing capital, allowing directors to engage in competing businesses, capitalizing surplus, capitalizing reserves, dissolving the Company, mergers, demergers, or matters specified in Article 185, Paragraph 1 of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed in the reasons for convening the meeting, and may not be raised through extempore motions.

Article 4 (Proxy and authorization)

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when convening a virtual-only shareholders' meeting.

Article 6 (Preparation of documents such as the attendance book)

The Company shall have an attendance book for attending shareholders or their proxies (hereinafter referred to as shareholders) to sign in, or the attending shareholders may submit sign-in cards in lieu of signing in.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance certificate, speech note, ballots, and other information relevant to the meeting. Shareholders shall be given election ballots when there is to be an election of directors or supervisors.

Shareholders shall attend the shareholders' meeting with attendance certificates, attendance sign-in cards, or other attendance credentials; 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.

The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences; The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual Shareholders' Meeting, the Company shall upload the meeting agenda book, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting's start and shall keep this information disclosed until the end of the meeting.

Article 6-1 (Convening virtual shareholders' meetings and particulars to be included in shareholders' meeting notices)

When convening a video conference for a shareholders' meeting, the following matters should be stated in the notice of the shareholders' meeting:

1. Participation of shareholders in video conferences and methods of exercising their rights.

2. An outline of the actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events, at least covering the following particulars:

   (1) The time of adjournment or continuation of the meeting and, if so, the date of the adjournment or continuation of the meeting cannot be ruled out by the continuation of the pre-occurrence impediment.

   (2) Unregistered shareholders are not allowed to participate in the postponed or resumed meeting via video conference if they did not register for the original shareholders' meeting.

   (3) Where a video-assisted shareholders' meeting is held, if the video-assisted shareholders' meeting cannot be continued, after deducting the number of shares represented at the meeting by video, and the total number of shares attending the shareholders' meeting reaches the statutory quota, the shareholders' meeting shall continue to participate in the shareholders' meeting by video, and the number of shares represented at the meeting shall be included in the total number of

shares attending the shareholders' meeting, and all resolutions of the shareholders' meeting shall be deemed to be abstained.

(4) Actions to be taken if the outcome of all proposals has been announced and an extempore motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If the Shareholders' Meeting is convened by the Board of Directors, the Chairperson of the Board shall preside over the meeting. If the Chairperson is unable to perform such duties due to leave of absence or for any other reason, the Vice Chairperson shall act on the Chairperson's behalf. If there is no Vice Chairperson, or if the Vice Chairperson is on leave or unable to perform his/her duties, the Chairperson may appoint one of the directors to act on the Chairperson's behalf. If the Chairperson does not appoint anyone to act on his/her behalf, one shall be elected from among the directors to act on the Chairperson's behalf.

In the shareholders' meeting convened by the board of directors, it is advisable for more than half of the directors of the board to participate and attend.

If the shareholders' meeting is convened by any person entitled to convene the meeting other than the board, such person shall be the meeting's chairperson. If there is more than one such person entitled to convene the meeting, those persons shall nominate amongst themselves to be the meeting's chairperson.

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

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

The Company shall make an uninterrupted audio or video recording of the entire proceedings of the shareholders' meeting, and the recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a Shareholders' Meeting is held online, the Company shall keep information of shareholder registration, sign-in, check-in, questions raised, votes cast, and results of votes counted, and it shall continuously and without interruption record both audio and video of the proceedings of the virtual meeting from beginning to end.

All information and audio and video recordings specified in the preceding paragraph shall be properly kept by the Company for the entirety of its existence, and copies of the audio and video recordings shall be provided to and kept by the party appointed to handle the matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9 (Calculation of Numbers of Shares Attending the Meeting)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the meeting, the chairperson may postpone the time for the meeting. The postponements shall be limited to two times at the most and meeting shall not be postponed for longer than one hour in the aggregate. If a quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. If the shareholders' meeting is convened by video conference, shareholders wishing to attend by video conference shall re-register with the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of Proposals)

The agenda of the meeting shall be set by the board of directors if the meeting is convened by the board of directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.

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 chairperson violates the meeting policy by dismissing the meeting when not authorized to do so, other members of the board shall immediately assist the attending shareholders to elect another chairperson with the support of more than half of the voting rights there represented and shall continue the meeting.

The chairperson shall provide ample opportunity for explanation and discussion of the proposal and the amendments or extempore motions put forward by the shareholders, and may announce the discussion closed and the proposal brought to a vote when it is considered to have reached a level fit for voting.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set 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 chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson 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 chairperson and the shareholder that has the floor; the chairperson 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.

Where a virtual Shareholders' Meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the time that the Chairperson declares the meeting open until such time as the Chairperson declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 through 5 of this Article do not apply.

As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations nor beyond the scope of a proposal, it is advisable that the questions be disclosed to the public at the virtual meeting platform.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based on 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 of Proposal, Methods for Checking and Counting Ballots)

Shareholders have one vote per share; except when the shares are restricted shares or are deemed non-voting shares.

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

The proposal shall be voted on by the attending shareholders on a case-by-case basis.

When there is an amendment or an alternative to a proposal, the chairperson 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 chairperson, provided that all monitoring personnel shall be shareholders of the Company. Ballot counting should be conducted publicly at the venue of the shareholders' meeting. The voting results should be announced on the spot and recorded.

When convening a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extempore motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 (Election Matters)

When the shareholders' meeting has an election of directors, it shall be handled in accordance with the relevant election regulations prescribed by the Company, and the election results shall be announced on the spot.

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 one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15 (Meeting minutes and sign-in matters)

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 chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes of the preceding paragraph may be distributed by means of a public announcement made through the MOPS.

The minutes shall detail the date and venue of the meeting, name of the chairperson, method of resolution, and a summary of the deliberations and their results, and shall be permanently retained during the existence of the Company.

The method of resolution mentioned in the preceding paragraph shall be voted on case by case by the attending shareholders, and the voting results shall be recorded in the meeting minutes.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's full names, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, in addition to compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16 (Public Announcement)

The number of shares solicited by solicitors, the number of shares entrusted by proxies, and the number of shares attended by shareholders in writing or electronically, the Company shall prepare statistical tables in the prescribed format on the day of the shareholders' meeting, and display them clearly at the venue of the shareholders' meeting. If the shareholders' meeting is held via video conference, the aforementioned information shall be uploaded to the video conference platform for shareholders' meetings at least 30 minutes before the start of the meeting, and keep it disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

Regarding resolutions of the shareholders' meeting, if there are any significant matters as required by laws and regulations or the rules of the Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall transmit the contents to the Market Observation Post System within the prescribed time.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. Such disciplinary officers or security guards shall wear arm badges or identification cards marked "Disciplinary Personnel" when assisting in maintaining order in the meeting place.

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 chairperson 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 chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

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

Before the agenda set forth in the shareholders' meeting (including provisional motions) are concluded, if the meeting place cannot continue to be used for the meeting, then, by resolution of the shareholders, another place may be sought to resume the meeting.

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

Deleted from Article 19 to Article 20

Article 19 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and secretary of virtual-only shareholders meeting)

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

Article 21 (Handling of disconnection)

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting that has been postponed or resumed under the second paragraph of this Article, the number of shares represented by and the voting rights and election rights exercised by the shareholders who registered to participate in the affected Shareholders' Meeting and who successfully signed into the meeting but who do not then go on to attend the postponed or resumed session shall nevertheless be counted towards the total number of shares, number of voting rights, and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held per the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, nor for the list of elected directors.

When the Company convenes a hybrid shareholders' meeting and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under circumstances where a meeting should continue as described in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed to have abstained from voting on all proposals on the meeting agenda of that Shareholders' Meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 22 Matters not provided for in these Regulations shall be handled in accordance with the provisions of the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.

Article 23 These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.

Appendix 3 Shareholding of the Company's Directors

Shareholding of the Directors of United Orthopedic Corporation

Record Date: 2024.04.20

Title	Name	Date Elected	Term	Shareholding When Elected		Current Number of Shares Held	
				Ordinary Shares / Preferred Shares	Shareholding Ratio	Ordinary Shares / Preferred Shares	Shareholding Ratio
Chairman and General Manager	Lin, Yan-Shen	2023.06.16	3 years	2,752,441	3.33%	2,661,441	2.76%
				42,000	0.79%	0	0.00%
Director	Lin, Chun-Sheng	2023.06.16	3 years	1,905,743	2.30%	1,995,743	2.07%
				90,000	1.68%	0	1.68%
Director	Hau, Hai-Yen	2023.06.16	3 years	698,646	0.84%	763,646	0.79%
				65,000	1.22%	0	0.00%
Director	Ng Chor Wah Patrick	2023.06.16	3 years	1,470,139	1.78%	1,670,425	1.74%
				130,286	2.44%	0	0.00%
Director	Lin, Te-Chien	2023.06.16	3 years	1,052,461	1.27%	1,213,461	1.26%
				88,000	1.65%	0	0.00%
Independent Director	Liu, Chien-Lin	2023.06.16	3 years	80,482	0.10%	187,987	0.20%
				107,505	2.01%	0	0.00%
Independent Director	Lee, Kuen-Chang	2023.06.16	3 years	0	0.00%	0	0.00%
				0	0.00%	0	0.00%
Independent Director	Wu, Meng-Da	2023.06.16	3 years	0	0.00%	0	0.00%
				0	0.00%	0	0.00%
Independent Director	Chen, Li-Ju	2023.06.16	3 years	0	0.00%	0	0.00%
				0	0.00%	0	0.00%
Total Shareholding of All Directors				7,959,912	9.62%	8,492,703	8.82%
				522,791	9.78%	0	0.00%

1. Book Closure Date: April 20, 2024.
2. Total Number of Issued Shares: Total number of issued shares: 96,486,740 shares (including 96,257,201 common shares and 229,539 preferred shares)
3. Minimum Number of Shares to Be Held by all Directors According to the Law: 7,718,939 shares.

Appendix 4 Other Matters

Other Matters

The impact of the proposed stock dividend issuance at this shareholder meeting on the Company’s business performance, earnings per share, and shareholder investment returns:

Not applicable.