Artificial Intelligence Usage Policy

1.   Introduction

Given the rapid advancement of artificial intelligence ("**AI**"), Medtecs International Corporation Limited and its subsidiaries (collectively the "**Group**") are committed to driving business innovation and enhancing operational efficiency through the strategic implementation of AI, application programming interface, analytics, and automation ("**4A**") technologies. This Policy has been crafted to ensure the proper protection of the Group's confidential information and customer privacy, while also complying with regulatory requirements during the application of AI technologies. It also incorporates environmental, social, and governance principles to regulate the responsible use of AI technology across our operations.

2.   Purpose

This Policy is designed to establish principles governing the development and deployment of AI within the Group, while providing foundational guidance to foster sustainable growth in tandem with AI advancement. We are committed to improving efficiency, optimizing processes, and gradually moving towards innovative services through AI applications, while ensuring compliance, privacy protection, and fulfilling corporate social responsibility.

3.   Scope

This Policy applies to the entire Group, including wholly-owned subsidiaries, joint ventures with more than 50% shareholding, and all operational locations. It covers all business segments (contract manufacturing, branding, hospital logistics).

4.   Core Principles

4.1. **Balance Efficiency and Innovation:** Leverage 4A technologies to enhance efficiency while balancing between innovation and risk management.

4.2. **Data Security and Privacy Protection:** Protect the Group's confidential information, intellectual property, and customer privacy through secure and compliant data management.

4.3. **Integrity, Ethics, and Compliance:** Do not use AI to create misleading content or engage in improper manipulation. All AI-generated content must accurately reflect the Group's position and core values, while adhering to ethical standards and the laws and regulations of each operating region.

4.4. **Human-Centric Approach:** Implement AI as a supportive tool to enhance decision-making processes, not to replace human judgment.

4.5. **Environment and Sustainability:** Consider the environmental impact of AI and prioritize using energy-efficient and environmentally friendly technologies.

4.6. **Fairness and Inclusion:** Strive to eliminate potential biases in AI systems.

5. Governance and Leadership

5.1. **4A Steering Committee:** Composed of senior executives who set AI strategy and oversee implementation.

5.2. **AI Project Team:** Reports to the 4A Steering Committee; manages cross-departmental AI projects.

6. Guidelines

6.1. **Data Management:**

   a. Do not input confidential information such as customer data, financial information, and trade secrets into public AI platforms.

   b. Implement strict access control and monitoring measures for internal closed AI systems.

   c. Implement data encryption and secure storage measures.

   d. Conduct regular privacy and security audits.

6.2. **AI-Generated Content Management:**

AI-generated content must undergo review to eliminate AI hallucination and bias.

6.3. **Compliance:**

   a. Ensure AI use complies with international data protection regulations such as GDPR and CCPA.

   b. Adhere to specific industry regulations in each operating region.

6.4. **Ethics and Fairness:**

   a. Regularly assess AI systems for biases and take measures to eliminate any identified issues.

b. Ensure transparency and explainability in AI decision-making processes.

7. Training

7.1. The Group will provide basic AI literacy training for all employees.

7.2. The Group will provide advanced AI application training for key positions.

7.3. The Group will promote employee involvement in AI innovation and create incentive programs to reward contributions.

8. External Collaboration and Communication

8.1. The Group will establish partnerships with universities and tech companies to advance our AI capabilities.

8.2. The Group will encourage employees to engage in developing and shaping industry AI standards

8.3. The Group will enforce strict confidentiality and data protection protocols in all external partnerships.

9. Review and Update

This Policy will be reviewed and updated annually to ensure its relevance and effectiveness.

10. Monitoring and Implementation

10.1. Department heads are responsible for ensuring effective implementation of this Policy within their areas of responsibility.

10.2. The 4A Steering Committee will regularly review Policy implementation and report to the Board of Directors.

10.3. A dedicated channel will be established to encourage employees to provide suggestions and feedback on AI use.