

ONYX Healthcare Inc. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's
Review Report
For the First Quarter of 2023 and 2022
(Stock code: 6569)

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For the convenience of readers and for information purpose only, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

ONYX Healthcare Inc. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Review Report for the
First Quarter of 2023 and 2022
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Independent Auditor's Review Report

(112)-Cai-Shen-Bao-Zi No. 23000145

To stakeholders of ONYX Healthcare Inc.:

Preamble

We have reviewed the accompanying consolidated balance sheet of ONYX Healthcare Inc. and subsidiaries (referred to as "ONYX Group" below) as of March 31, 2023 and 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement from January 1 to March 31, 2023 and 2022, and notes to consolidated financial statements (including a summary of significant accounting policies). It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

Except for the issues discussed in the "Basis of reservation" paragraph, we, the auditors, have performed the review in accordance with Standards on Review Engagements No. 2410 - "Financial Statement Review." The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis, and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an audit opinion.

Basis of reservation

As mentioned in Notes 4(3) and 6(6) of the consolidated financial statements, some of the non-material subsidiaries were consolidated using financial statements for the corresponding periods that were not reviewed by CPAs. As at March 31, 2023 and 2022, these subsidiaries aggregately reported total assets of NT\$45,661 thousand and NT\$48,257 thousand that represented 2% and 2% of consolidated total assets, and total liabilities of NT\$5,805 and NT\$7,194 thousand that represented 1% and 1% of consolidated total liabilities, respectively.

These subsidiaries also reported total comprehensive income of NT\$(2,218) thousand and NT\$(398) thousand that represented (4%) and (1%) of consolidated total comprehensive income for the periods January 1 to March 31, 2023 and 2022, respectively. Balance of equity-accounted investments was reported at NT\$34,069 thousand as at March 31, 2023, representing 2% of consolidated total assets. Share of net income and other comprehensive income from equity-accounted associated companies for the period from January 1 to March 31, 2023 amounted to NT\$(786 thousand), representing (1%) of consolidated comprehensive income.

Reservations

Based on our review and the review reports of other CPAs (please refer to the Other issues paragraph), we found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved, published, and effected by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of ONYX Group as of March 31, 2023 and 2022, or the consolidated financial performance and consolidated cash flow for the periods January 1 to March 31, 2023 and 2022, except for the issues discussed in the "Basis of reservation" paragraph, where financial statements of certain non-material subsidiaries and equity-accounted investments had yet to be reviewed by CPAs, and may cause adjustments to the consolidated financial statements if they were CPA-reviewed.

Other issues - reviews by other CPAs

Amongst the equity-accounted business investments presented in the consolidated financial statements of ONYX Group, some of which had financial statements reviewed by other CPAs that we did not take part in. Therefore, amounts presented in the consolidated financial statements mentioned above in regards to such businesses were based on auditor-reviewed reports of other CPAs. As at March 31, 2023 and 2022, balances of the abovementioned equity-accounted investments totaled NT\$624,560 thousand and NT\$575,109 thousand, representing 31% and 28% of consolidated total assets, respectively. For the periods from January 1 to March 31, 2023 and 2022, comprehensive income recognized from the abovementioned companies totaled NT\$17,922 thousand and NT\$13,834 thousand, representing 30% and 31% of consolidated comprehensive income, respectively.

PwC Taiwan

CPA

Chang, Shu-Chiung

Lin, Chun-Yao

Former Financial Supervisory Commission, Executive Yuan

Approval reference: Jin-Guan-Zheng-Shen-Zi No. 0990042602

(Formerly known as) Securities and Futures Commission,

Ministry of Finance

Approval reference: (85)-Tai-Cai-Zheng-(VI) No. 68702

May 9, 2023

ONYX Healthcare Inc. and Subsidiaries

Consolidated balance sheet

As of March 31, 2023, December 31, 2022, and March 31, 2022

(Consolidated balance sheets as of March 31, 2023 and 2022, were auditor-reviewed and not audited according to audit principles)

Unit: NT\$ thousand

Assets	Note	March 31, 2023		December 31, 2022		March 31, 2022		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 353,587	18	\$ 328,886	17	\$ 457,529	23
1110	Financial assets at fair value through profit or loss - current	6(2)	10,723	-	7,211	-	8,269	-
1150	Net notes receivable	6(3)	3,439	-	-	-	-	-
1170	Net accounts receivable	6(3)	199,724	10	264,279	14	235,705	12
1180	Accounts receivable - related parties, net	7	2,695	-	1,046	-	6,105	-
1200	Other receivables	7	3,300	-	4,120	-	3,743	-
1220	Current income tax asset		1,735	-	1,030	-	6,301	-
130X	Inventory	6(4)	326,150	16	311,527	16	281,658	14
1410	Prepayments		33,559	2	19,230	1	18,959	1
1470	Other current assets	8	1,936	-	1,699	-	1,135	-
11XX	Total current assets		<u>936,848</u>	<u>46</u>	<u>939,028</u>	<u>48</u>	<u>1,019,404</u>	<u>50</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	29,931	2	26,956	1	32,197	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,381	-	27,536	2	30,806	2
1550	Equity-accounted investments	6(6)	658,629	33	606,637	31	575,109	28
1600	Property, plant and equipment	6(7), 7, and 8	313,601	16	296,155	15	22,457	1
1755	Right-of-use assets	6(8)	36,264	2	36,421	2	40,757	2
1760	Investment property - net	6(10), 7, and 8	-	-	-	-	277,238	14
1780	Intangible assets		5,072	-	5,593	-	5,690	-
1840	Deferred income tax assets		29,289	1	25,015	1	17,831	1
1900	Other non-current assets	8	3,573	-	3,567	-	3,402	-
15XX	Total non-current assets		<u>1,078,740</u>	<u>54</u>	<u>1,027,880</u>	<u>52</u>	<u>1,005,487</u>	<u>50</u>
1XXX	Total assets		<u>\$ 2,015,588</u>	<u>100</u>	<u>\$ 1,966,908</u>	<u>100</u>	<u>\$ 2,024,891</u>	<u>100</u>

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ONYX Healthcare Inc. and Subsidiaries

Consolidated balance sheet

As of March 31, 2023, December 31, 2022, and March 31, 2022

(Consolidated balance sheets as of March 31, 2023 and 2022, were auditor-reviewed and not audited according to audit principles)

Unit: NT\$ thousand

Liabilities and equity	Note	March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%
Current liabilities							
2100 Short-term loans	6(11)	\$ -	-	\$ -	-	\$ 105,000	5
2130 Contractual liabilities - current	6(20)	55,617	3	64,733	3	85,653	4
2170 Accounts payable		85,136	4	83,348	4	93,315	5
2180 Accounts payable - related parties	7	19,151	1	23,009	1	34,597	2
2200 Other payables	6(12) and 7	69,105	3	74,270	4	63,624	3
2230 Current income tax liabilities		53,777	3	46,954	3	27,175	1
2250 Liability reserves - current	6(15)	7,679	-	7,367	-	6,795	-
2280 Lease liabilities - current	7	5,075	-	5,746	-	9,506	1
2320 Long-term liabilities due within 1 year or 1 business cycle	6(13)	10,331	1	10,376	1	10,591	1
2399 Other current liabilities - others		1,573	-	3,084	-	5,541	-
21XX Total current liabilities		<u>307,444</u>	<u>15</u>	<u>318,887</u>	<u>16</u>	<u>441,797</u>	<u>22</u>
Non-current liabilities							
2527 Contractual liabilities - non-current	6(20)	69,187	4	67,860	4	66,129	3
2540 Long-term loans	6(13)	142,370	7	144,910	7	152,522	7
2550 Liability reserves - non-current	6(15)	2,389	-	2,327	-	2,338	-
2570 Deferred income tax liabilities		1,378	-	-	-	1,409	-
2580 Lease liabilities - non-current		31,824	2	30,887	2	31,713	2
2645 Guarantee deposits received	7	-	-	1,148	-	1,148	-
25XX Total non-current liabilities		<u>247,148</u>	<u>13</u>	<u>247,132</u>	<u>13</u>	<u>255,259</u>	<u>12</u>
2XXX Total liabilities		<u>554,592</u>	<u>28</u>	<u>566,019</u>	<u>29</u>	<u>697,056</u>	<u>34</u>
Equity							
Equity attributable to parent company shareholders							
Share capital	6(17)						
3110 Common share capital		332,612	16	332,612	17	302,612	15
3140 Share capital received in advance		-	-	-	-	237,600	12
Capital reserves	6(16) (18)						
3200 Capital reserves		680,370	34	679,472	35	473,044	23
Retained earnings	6(19)						
3310 Legal reserves		131,410	7	131,410	7	118,655	6
3320 Special reserves		49,896	2	49,896	2	44,993	2
3350 Unappropriated earnings		283,672	14	232,379	12	188,801	9
Other equity items							
3400 Other equity items		(25,964)	(1)	(33,926)	(2)	(46,356)	(2)
31XX Total equity attributable to parent company shareholders		<u>1,451,996</u>	<u>72</u>	<u>1,391,843</u>	<u>71</u>	<u>1,319,349</u>	<u>65</u>
36XX Non-controlling equity	4(3)	<u>9,000</u>	<u>-</u>	<u>9,046</u>	<u>-</u>	<u>8,486</u>	<u>1</u>
3XXX Total equity		<u>1,460,996</u>	<u>72</u>	<u>1,400,889</u>	<u>71</u>	<u>1,327,835</u>	<u>66</u>
3X2X Total liabilities and equity		<u>\$ 2,015,588</u>	<u>100</u>	<u>\$ 1,966,908</u>	<u>100</u>	<u>\$ 2,024,891</u>	<u>100</u>

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Chuang, Yung-Shun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of comprehensive income
January 1 to March 31, 2023 and 2022

(Reviewed only; not audited in accordance with auditing principles)

Unit: NT\$ thousand
(except earnings per share, which are presented in NTD)

	Item	Note	January 1 to March 31, 2023		January 1 to March 31, 2022	
			Amount	%	Amount	%
4000	Operating revenues	6(20) and 7	\$ 327,942	100	\$ 419,208	100
5000	Operating costs	6(4)(23) (24) and 7	(216,461)	(66)	(299,669)	(71)
5900	Gross profit		<u>111,481</u>	<u>34</u>	<u>119,539</u>	<u>29</u>
	Operating expenses	6(23) (24) and 7				
6100	Selling expenses		(40,898)	(13)	(45,602)	(11)
6200	Administrative expenses		(19,885)	(6)	(21,127)	(5)
6300	R&D expenses		(20,217)	(6)	(20,729)	(5)
6450	Expected credit impairment loss/reversal gain	12(2)	<u>767</u>	<u>-</u>	<u>474</u>	<u>-</u>
6000	Total operating expenses		<u>(80,233)</u>	<u>(25)</u>	<u>(86,984)</u>	<u>(21)</u>
6900	Operating profit		<u>31,248</u>	<u>9</u>	<u>32,555</u>	<u>8</u>
	Non-operating income and expenses					
7100	Interest income		440	-	1	-
7010	Other income	6(21) and 7	9,035	3	6,718	1
7020	Other gains and losses	6(22)	6,511	2	624	-
7050	Financial costs		(697)	-	(792)	-
7060	Share of profits/losses on equity- accounted associated companies and joint ventures		<u>13,637</u>	<u>4</u>	<u>11,946</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>28,926</u>	<u>9</u>	<u>18,497</u>	<u>4</u>
7900	Pre-tax profit		<u>60,174</u>	<u>18</u>	<u>51,052</u>	<u>12</u>
7950	Income tax expense	6(25)	(4,082)	(1)	(9,494)	(2)
8200	Current net income		<u>\$ 56,092</u>	<u>17</u>	<u>\$ 41,558</u>	<u>10</u>
	Other comprehensive income (net)					
	Items not reclassified into profit or loss					
8316	Unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income	6(5)	\$ -	-	(\$ 1,575)	-
8320	Share of other comprehensive income from equity-accounted associated companies and joint ventures - not reclassified into profit or loss		<u>3,665</u>	<u>1</u>	<u>1,612</u>	<u>-</u>
8310	Items not reclassified into profit or loss - total		<u>3,665</u>	<u>1</u>	<u>37</u>	<u>-</u>

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ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of comprehensive income
January 1 to March 31, 2023 and 2022

(Reviewed only; not audited in accordance with auditing principles)

Unit: NT\$ thousand
(except earnings per share, which are presented in NTD)

Item	Note	January 1 to March 31, 2023		January 1 to March 31, 2022			
		Amount	%	Amount	%		
Items likely to be reclassified into profit or loss							
8361		(	477)	-	4,034	1
8370		(	166)	-	276	-
8399	6(25)		95	-	(807)	-	
8360		(	548)	-	3,503	1
8300			<u>3,117</u>	1	<u>3,540</u>	1	
8500			<u>59,209</u>	18	<u>45,098</u>	11	
Net income (loss) attributable to:							
8610		\$	56,138	17	\$	41,943	10
8620		(	46)	-	(385)	-
		\$	<u>56,092</u>	17	<u>41,558</u>	10	
Comprehensive income attributable to:							
8710		\$	59,255	18	\$	45,483	11
8720		(	46)	-	(385)	-
		\$	<u>59,209</u>	18	<u>45,098</u>	11	
EPS							
9750	6(26)	\$		1.69	\$	1.39	
9850		\$		1.68	\$	1.38	

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Chuang, Yung-Shun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of changes in equity
January 1 to March 31, 2023 and 2022

(Reviewed only; not audited in accordance with auditing principles)

Unit: NTS thousand

	Note	Equity attributable to parent company shareholders										
		Share capital			Retained earnings			Other equity items				
		Common share capital	Share capital received in advance	Capital reserves	Legal reserves	Special reserves	Unappropriated earnings	Financial statement translation differences arising from foreign operations	Unrealized gains/losses on financial assets at fair value through other comprehensive income	Total	Non-controlling equity	Total
<u>January 1 to March 31, 2022</u>												
Balance as at January 1, 2022		\$ 302,612	\$ -	\$ 462,673	\$ 118,655	\$ 44,993	\$ 146,858	(\$ 12,500)	(\$ 37,396)	\$ 1,025,895	\$ 8,871	\$ 1,034,766
Current net income (loss)		-	-	-	-	-	41,943	-	-	41,943	(385)	41,558
Other current comprehensive income		-	-	-	-	-	-	3,503	37	3,540	-	3,540
Total comprehensive income for the current period		-	-	-	-	-	41,943	3,503	37	45,483	(385)	45,098
Cash issue		-	237,600	-	-	-	-	-	-	237,600	-	237,600
Cost of cash issue reserved for subscription by employees as remuneration	6(16)(18)	-	-	8,174	-	-	-	-	-	8,174	-	8,174
Share-based payment	6(16)(18)	-	-	2,197	-	-	-	-	-	2,197	-	2,197
Balance as at March 31, 2022		\$ 302,612	\$ 237,600	\$ 473,044	\$ 118,655	\$ 44,993	\$ 188,801	(\$ 8,997)	(\$ 37,359)	\$ 1,319,349	\$ 8,486	\$ 1,327,835
<u>January 1 to March 31, 2023</u>												
Balance as at January 1, 2023		\$ 332,612	\$ -	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849)	(\$ 31,077)	\$ 1,391,843	\$ 9,046	\$ 1,400,889
Current net income		-	-	-	-	-	56,138	-	-	56,138	(46)	56,092
Other current comprehensive income		-	-	-	-	-	-	(548)	3,665	3,117	-	3,117
Total comprehensive income for the current period		-	-	-	-	-	56,138	(548)	3,665	59,255	(46)	59,209
Share-based payment	6(16)(18)	-	-	898	-	-	-	-	-	898	-	898
Reclassification of equity instruments at fair value through other comprehensive income	6(5)	-	-	-	-	-	(4,845)	-	4,845	-	-	-
Balance as at March 31, 2023		\$ 332,612	\$ -	\$ 680,370	\$ 131,410	\$ 49,896	\$ 283,672	(\$ 3,397)	(\$ 22,567)	\$ 1,451,996	\$ 9,000	\$ 1,460,996

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Chuang, Yung-Shun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated cash flow statement
January 1 to March 31, 2023 and 2022
(Reviewed only; not audited in accordance with auditing principles)

Unit: NT\$ thousand

	Note	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 60,174	\$ 51,052
Adjustments			
Income, expenses, and losses			
Depreciation	6(7)(8) (23)	5,616	6,826
Depreciation of investment properties (presented as other gains and losses)	6(10)(22)	-	407
Amortization	6(23)	614	483
Expected credit impairment loss/reversal gain	12(2)	(767)	(474)
Gain (loss) on financial assets at fair value through profit or loss	6(2)(22)	(6,487)	6,065
Interest expenses		697	792
Interest income		(440)	(1)
Dividend income	6(21)	-	3,367
Share-based payment - remuneration	6(16)	898	10,371
Share of profit from equity-accounted associated companies		(13,637)	(11,946)
Change in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes receivable		(3,439)	-
Accounts receivable		65,271	(32,841)
Accounts receivable - related parties		(1,648)	(3,432)
Other receivables		820	821
Inventory		(14,623)	(10,439)
Prepayments		(14,329)	(2,473)
Other current assets		(244)	413
Net change in liabilities related to operating activities			
Contractual liabilities		(7,788)	33,889
Accounts payable		1,788	1,458
Accounts payable - related parties		(3,858)	1,924
Other payables		(12,471)	(8,610)
Other payables - related parties		4,227	47
Liability reserves		374	862
Other current liabilities		(1,512)	(355)
Cash inflow from operating activities		59,236	41,472
Interests received		440	1
Dividends received		-	3,367
Interests paid		(695)	(783)
Income tax paid		(760)	(379)
Net cash inflow from operating activities		58,221	43,678

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ONYX Healthcare Inc. and Subsidiaries
Consolidated cash flow statement
January 1 to March 31, 2023 and 2022
(Reviewed only; not audited in accordance with auditing principles)

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<u>Cash flow from investing activities</u>			
Acquisition of equity-accounted investments		(\$ 9,700)	\$ -
Acquisition of property, plant, and equipment	6(27)	(18,236)	(3,840)
Acquisition of intangible assets		(93)	(1,584)
Increase in guarantee deposits paid (presented as other current and non-current assets)		(6)	(178)
Net cash outflow from investing activities		(28,035)	(5,602)
<u>Cash flow from financing activities</u>			
Repayment of long-term loan	6(28)	(2,585)	(2,674)
Repayment of lease principal	6(28)	(1,333)	(2,331)
Decrease in guarantee deposits received		(1,148)	-
Cash issue	6(17)	-	237,600
Net cash (outflow) inflow from financing activities		(5,066)	232,595
Exchange rate impact		(419)	3,965
Increase in cash and cash equivalents for the current period		24,701	274,636
Opening cash and cash equivalents balance	6(1)	328,886	182,893
Closing cash and cash equivalents balance	6(1)	<u>\$ 353,587</u>	<u>\$ 457,529</u>

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Chuang, Yung-Shun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Notes to consolidated financial statements
For the First Quarter of 2023 and 2022

(Reviewed only; not audited in accordance with auditing principles)

Unit: NT\$ thousand
(unless specified otherwise)

I. Company history

ONYX Healthcare Inc. (the "Company") was incorporated on February 2, 2010 in the Republic of China. The Company and its subsidiaries (collectively referred to as "Group" below) are mainly involved in the design, manufacturing, and trading of medical computers and peripherals. AAEON Technology Inc. holds 48.87% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Group's ultimate parent.

II. Financial statement approval date and procedures

This consolidated financial report was passed during the board of directors meeting dated May 9, 2023.

III. Application of new standards, amendments and interpretations

(I) Impacts of adopting new and amended International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)

The following is a list of new/amended/modified IFRSs and interpretations approved by FSC that are applicable for 2023:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

After a thorough assessment, the Group expects no material financial or performance impact from the above standards and interpretations.

(II) Impacts of adopting new and amended IFRSs not yet approved by FSC

None.

(III) Impacts of IFRS changes announced by International Accounting Standards Board (IASB) but not yet approved by FSC

The following is a list of new/amended/modified IFRSs announced by IASB but not approved by FSC:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Pending final decision from IASB
Amendments to IFRS 16 regarding "Lease liability in a sale and leaseback"	January 1, 2024
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 regarding "Non-current Liabilities with Covenants "	January 1, 2024

After a thorough assessment, the Group expects no material financial or performance impact from the above standards and interpretations.

IV. Summary of significant accounting policies

Except for the statement of compliance, basis of preparation, basis of consolidation, and new explanations provided below, all other significant accounting policies are unchanged from Note 4 of the 2022 consolidated financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(I) Statement of compliance

1. The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of IAS 34 - "Interim Financial Reporting" approved, announced, and effected by FSC.
2. These consolidated financial statements should be read in conjunction with the 2022 consolidated financial statements.

(II) Basis of preparation

1. This consolidated financial report is prepared based on historical cost, except for items including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
2. Preparation of financial report that complies with the version of International Financial Reporting Standards, International Accounting Standards and interpretations approved, announced, and effected by the FSC (collectively referred to as "IFRSs" below) involves some use of critical accounting estimates, and the management is required to exercise some judgment when applying the Group's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the consolidated

financial report.

(III) Basis of consolidation

1. Basis of preparation for consolidated financial report

Basis of preparation for this consolidated financial report is identical to the 2022 consolidated financial report.

2. Subsidiaries included in the consolidated financial report:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Business activities</u>	<u>Shareholding percentage</u>			<u>Description</u>
			<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	
The Company	ONYX HEALTHCARE USA, Inc.(OHU)	Sale of medical computers and peripherals	100	100	100	
The Company	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical computers and peripherals	100	100	100	Note 1
The Company	Onyx Healthcare (Shanghai) Inc. (OCI)	Sale of medical computers and peripherals	100	100	100	Note 1
The Company	iHELPER Inc. (iHELPER)	Research, development, and sale of medical robots	46	46	46	Note 1 and Note 2

Note 1: These entities do not meet the definition of material subsidiary, and therefore financial statements dated March 31, 2023 and 2022 were not reviewed by CPAs.

Note 2: The Company holds less than 50% aggregate ownership in the entity, but includes it in the preparation of consolidated financial report as the Company has control over the entity's financial, operational and personnel decisions.

3. Subsidiaries not included in the consolidated financial report: None.

4. Methods for aligning subsidiaries' accounting periods: None.

5. Significant limitations: None.

6. Subsidiaries with non-controlling owners that are significant to the Group: The Group had non-controlling equity outstanding at \$9,000, \$9,046, and \$8,486 on March 31, 2023, December 31, 2022, and March 31, 2022, respectively. None of the non-controlling shareholders were significant to the Group.

V. Major sources of uncertainty for significant accounting judgments, estimates and assumptions

There were no significant changes in the current period; please refer to Note 5 of the 2022 consolidated financial report.

VI. Notes to major accounts

(I) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Petty cash	\$ 286	\$ 320	\$ 323
Check and current deposit	322,851	297,856	457,206
Time deposit	30,450	30,710	-
	<u>\$ 353,587</u>	<u>\$ 328,886</u>	<u>\$ 457,529</u>

1. All financial institutions that the Group deals with are of strong credit background. The Group also diversifies credit risk by dealing with multiple financial institutions at the same time and therefore is unlikely to suffer from the default of a financial institution.
2. Cash and cash equivalents that have been placed as collateral for forwarding exchange contracts are presented as other financial assets (under other current assets). Please see Note 8 for details.

(II) Financial assets at fair value through profit or loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current portion:			
Financial assets mandatory to be carried at fair value through profit or loss			
TWSE/TPEX listed shares	\$ 10,208	\$ 10,208	\$ 9,873
Valuation adjustment	515	(2,997)	(1,604)
	<u>\$ 10,723</u>	<u>\$ 7,211</u>	<u>\$ 8,269</u>
Non-current portion:			
Financial assets mandatory to be carried at fair value through profit or loss			
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 30,000	\$ 30,000	\$ 30,000
Valuation adjustment	(69)	(3,044)	2,197
	<u>\$ 29,931</u>	<u>\$ 26,956</u>	<u>\$ 32,197</u>

1. Details of gains (losses) on financial assets at fair value through profit or loss:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	<u>\$ 6,487</u>	<u>(\$ 6,065)</u>

2. None of the Group's financial assets at fair value through profit or loss was placed as collateral.

3. For information relating to the credit risk of financial assets carried at fair value through profit or loss, please refer to Note 12(2).

(III) Notes and accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	<u>\$ 3,439</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable	\$ 214,450	\$ 279,721	\$ 252,512
Less: loss provisions	<u>(14,726)</u>	<u>(15,442)</u>	<u>(16,807)</u>
	<u>\$ 199,724</u>	<u>\$ 264,279</u>	<u>\$ 235,705</u>

1. Notes and accounts receivable (including related parties) aging analysis:

	<u>March 31, 2023</u>		<u>December 31,</u> <u>2022</u>	<u>March 31, 2022</u>
	<u>Accounts</u> <u>receivable</u>	<u>Notes</u> <u>receivable</u>	<u>Accounts</u> <u>receivable</u>	<u>Accounts receivable</u>
Current	\$ 136,689	\$ 3,439	\$ 174,573	\$ 206,623
Overdue within 30 days	59,356	-	87,762	35,330
Overdue 31 - 60 days	5,562	-	5,071	165
Overdue 91 - 120 days	2,607	-	-	-
Overdue more than 121 days	12,931	-	13,361	16,499
	<u>\$ 217,145</u>	<u>\$ 3,439</u>	<u>\$ 280,767</u>	<u>\$ 258,617</u>

The above aging analysis has been prepared based on the number of days overdue.

2. Balances of notes and accounts receivable (including related parties) as at March 31, 2023, December 31, 2022, and March 31, 2022 had arisen entirely from contractual arrangements with customers. Balances of contractual proceeds receivable from customers (including related parties) and loss provisions as at January 1, 2022 were \$222,344 and \$16,828, respectively.

3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure

associated with the Group's accounts and notes receivable (including related parties) as at March 31, 2023, December 31, 2022, and March 31, 2022 amounted to \$205,858, \$265,325, and \$241,810, respectively.

4. The Group held no collateral on accounts and notes receivable (including related parties).
5. For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).

(IV) Inventory

	<u>March 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 161,806	(\$ 16,993)	\$ 144,813
Work-in-progress	36,087	(1,511)	34,576
Semi-finished goods	73,290	(9,745)	63,545
Finished goods	97,542	(14,326)	83,216
	<u>\$ 368,725</u>	<u>(\$ 42,575)</u>	<u>\$ 326,150</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 164,564	(\$ 24,527)	\$ 140,037
Work-in-progress	61,993	(6,468)	55,525
Semi-finished goods	64,331	(7,206)	57,125
Finished goods	70,513	(11,673)	58,840
	<u>\$ 361,401</u>	<u>(\$ 49,874)</u>	<u>\$ 311,527</u>

	<u>March 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 153,612	(\$ 16,312)	\$ 137,300
Work-in-progress	41,732	(327)	41,405
Semi-finished goods	79,360	(10,032)	69,328
Finished goods	55,393	(21,768)	33,625
	<u>\$ 330,097</u>	<u>(\$ 48,439)</u>	<u>\$ 281,658</u>

Cost of inventory recognized as expenses or losses in the current period:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Cost of inventory sold	\$ 221,350	\$ 288,502
Obsolescence and devaluation losses (reversal gains) (Note)	(7,320)	5,951
Service and warranty cost	2,368	5,216
Impairment loss	63	-
	<u>\$ 216,461</u>	<u>\$ 299,669</u>

Note: Reversal gains for the period from January 1 to March 31, 2023 had arisen due to the Group having taken the initiative to dispose of slow-moving inventory.

(V) Financial assets at fair value through other comprehensive income

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Non-current portion:			
Equity instrument			
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 39,334	\$ 69,334	\$ 69,334
Valuation adjustment	(36,953)	(41,798)	(38,528)
	<u>\$ 2,381</u>	<u>\$ 27,536</u>	<u>\$ 30,806</u>

1. The Group has chosen to classify shares of MELTEN CONNECTED HEALTHCARE INC. and ProtectLife International Biomedical Inc., both of which are strategic investments, as financial assets at fair value through other comprehensive income. Fair values of these investments were reported at \$2,381, \$27,536, and \$30,806 as at March 31, 2023, December 31, 2022, and March 31, 2022.

2. Details of gains or losses on financial assets at fair value through other comprehensive income:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
<u>Equity instruments at fair value</u> <u>through other comprehensive</u> <u>income</u>		
Fair value changes recognized through other comprehensive income	\$ -	(\$ 1,575)
Cumulative losses reclassified into retained earnings	(\$ 4,845)	\$ -

3. None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.
4. For information relating to the credit risk of financial assets carried at fair value through other comprehensive income, please refer to Note 12(2).

(VI) Equity-accounted investments

<u>Name of associated company</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>	<u>Shareholding %</u>	<u>Amount presented</u>
Winmate Inc. (Winmate)(Note 1)	13.43%	\$624,560	13.99%	\$606,637
ProtectLife International Biomedical Inc. (ProtectLife)(Note 2)	11.54%	34,069	-	-
		<u>\$658,629</u>		<u>\$606,637</u>

<u>Name of associated company</u>	<u>March 31, 2022</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>
Winmate Inc. (Winmate)(Note 1)	13.83%	\$575,109
ProtectLife International Biomedical Inc. (ProtectLife)(Note 2)	-	-
		<u>\$575,109</u>

Note: Although the Group held less than 20% of voting shares in Winmate, it did undertake directorship in Winmate and therefore accounted for the entity using the equity method for exercising significant influence.

Note 2: The Group previously held a 6.3% equity interest in ProtectLife, and after subscribing to cash issue on February 9, 2023, shareholding percentage increased to 11.54%. Although shareholding percentage is below 20%, the shares held by the Company and another related party - Fu Li Investment Co., Ltd. (in which the Company shares a common chairperson) aggregate to 20%, and considering that the Company's chairperson serves as a director of ProtectLife, the Company is deemed to exercise significant influence. For this reason, the investment has been accounted for using the equity method since February 9, 2023.

1. Summary financial information of significant associated companies:

Balance sheet

	<u>Winmate</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current assets	\$ 2,319,218	\$ 2,417,479	\$ 2,241,844
Non-current assets	1,392,190	1,347,730	1,231,700
Current liabilities	(1,163,772)	(1,210,738)	(1,064,210)
Non-current liabilities	(15,882)	(15,176)	(17,707)
Total net assets	<u>\$ 2,531,754</u>	<u>\$ 2,539,295</u>	<u>\$ 2,391,627</u>
As a percentage of net assets across associated companies	\$ 340,002	\$ 355,247	\$ 332,753
Goodwill	<u>284,558</u>	<u>251,390</u>	<u>242,356</u>
Book value of associated company	<u>\$ 624,560</u>	<u>\$ 606,637</u>	<u>\$ 575,109</u>

Statement of comprehensive income

	<u>Winmate</u>	
	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Income	\$ 626,040	\$ 587,714
Current net income	\$ 111,895	\$ 86,337
Other comprehensive income (net, after-tax)	<u>28,300</u>	<u>14,317</u>
Total comprehensive income for the current period	<u>\$ 140,195</u>	<u>\$ 100,654</u>

2. The following is a summary of book values and business performance of the Group's non-material associated companies:

Book value of the Group's non-material associated companies as at March 31, 2023 totaled \$34,069.

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Current net loss	<u>(\$ 10,100)</u>	<u>\$ -</u>

3. Fair value of material associated companies that are openly quoted:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Winmate	<u>\$ 1,055,132</u>	<u>\$ 850,252</u>	<u>\$ 792,235</u>

4. ProtectLife, an equity-accounted investment held by the Group, was recognized using the investee's unaudited financial statements for the corresponding period.

(VII) Property, plant and equipment

	<u>2023</u>							
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
January 1								
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 11,463	\$ 20,697	\$ 84,201	\$ 1,727	\$ 413,746
Accumulated depreciation	-	(2,440)	(15,392)	(9,262)	(19,473)	(71,024)	-	(117,591)
	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 2,201</u>	<u>\$ 1,224</u>	<u>\$ 13,177</u>	<u>\$ 1,727</u>	<u>\$ 296,155</u>
January 1	\$ 229,660	\$ 46,358	\$ 1,808	\$ 2,201	\$ 1,224	\$ 13,177	\$ 1,727	\$ 296,155
Addition	-	-	-	76	823	232	20,182	21,313
Transfer	-	-	-	-	-	348	(348)	-
Depreciation	-	(407)	(341)	(217)	(1,076)	(1,821)	-	(3,862)
Net exchange difference	-	-	-	(9)	-	4	-	(5)
March 31	<u>\$ 229,660</u>	<u>\$ 45,951</u>	<u>\$ 1,467</u>	<u>\$ 2,051</u>	<u>\$ 971</u>	<u>\$ 11,940</u>	<u>\$ 21,561</u>	<u>\$ 313,601</u>
March 31								
Cost	\$ 229,660	\$ 48,798	\$ 16,582	\$ 11,511	\$ 21,520	\$ 84,798	\$ 21,561	\$ 434,430
Accumulated depreciation	-	(2,847)	(15,115)	(9,460)	(20,549)	(72,858)	-	(120,829)
	<u>\$ 229,660</u>	<u>\$ 45,951</u>	<u>\$ 1,467</u>	<u>\$ 2,051</u>	<u>\$ 971</u>	<u>\$ 11,940</u>	<u>\$ 21,561</u>	<u>\$ 313,601</u>

2022

	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
January 1						
Cost	\$ 17,980	\$ 9,547	\$ 20,697	\$ 78,525	\$ -	\$ 126,749
Accumulated depreciation	(14,281)	(7,946)	(15,012)	(65,189)	-	(102,428)
	<u>\$ 3,699</u>	<u>\$ 1,601</u>	<u>\$ 5,685</u>	<u>\$ 13,336</u>	<u>\$ -</u>	<u>\$ 24,321</u>
January 1	\$ 3,699	\$ 1,601	\$ 5,685	\$ 13,336	\$ -	24,321
Addition	-	821	-	143	1,300	2,264
Depreciation	(513)	(195)	(1,244)	(2,259)	-	(4,211)
Net exchange difference	-	38	-	45	-	83
March 31	<u>\$ 3,186</u>	<u>\$ 2,265</u>	<u>\$ 4,441</u>	<u>\$ 11,265</u>	<u>\$ 1,300</u>	<u>\$ 22,457</u>
March 31						
Cost	\$ 17,980	\$ 10,567	\$ 20,697	\$ 78,781	\$ 1,300	\$ 129,325
Accumulated depreciation	(14,794)	(8,302)	(16,256)	(67,516)	-	(106,868)
	<u>\$ 3,186</u>	<u>\$ 2,265</u>	<u>\$ 4,441</u>	<u>\$ 11,265</u>	<u>\$ 1,300</u>	<u>\$ 22,457</u>

Major components of property, plant, and equipment held by the Group, and useful lives:

<u>Item</u>	<u>Major component</u>	<u>Useful life</u>
Buildings	Property and parking space	30 years
Machinery	Oscilloscope, suspensory burn-in equipment, and automated streamline workstation	3 years
Office equipment	Server and host	3 years
Lease improvements	Plant expansion and revovation works	2 years
Other equipment	Front and back cover mold, repair mold, and sizing mold	2-5 years

1. All property, plant, and equipment mentioned above are self-occupied.
2. No borrowing cost was capitalized into the Group's property, plant, and equipment.
3. See Note 8 for details of Property, plant and equipment pledged as collateral by the Group.

(VIII) Leases - as a lessee

1. The Group leases buildings, transport equipment, and office equipment; the duration of the lease agreements usually ranges from 1 to 20 years. Lease contracts were individually negotiated and drafted with different terms and conditions with no additional restriction, except that the leased assets cannot be placed as collateral.
2. Lease tenors for buildings and transport equipment do not exceed 12 months, whereas leases for office equipment are treated as low-value leases.
3. Book value of right-of-use assets and recognized amounts of depreciation expense are presented below:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 32,470	\$ 33,782	\$ 38,087
Transport equipment	2,229	967	677
Office equipment	1,565	1,672	1,993
	<u>\$ 36,264</u>	<u>\$ 36,421</u>	<u>\$ 40,757</u>

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 1,483	\$ 2,306
Transport equipment	164	202
Office equipment	107	107
	<u>\$ 1,754</u>	<u>\$ 2,615</u>

4. Amounts of right-of-use assets added during the periods January 1 to March 31, 2023 and 2022, were \$1,553 and \$0, respectively.

5. Income and expenses relating to lease agreements are presented below:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
<u>Current income/expense accounts</u> <u>affected</u>		
Interest expense on lease liabilities	\$ 38	\$ 73
Expenses on short-term lease agreements	3,860	2,466
Lease expense of low-value leases	60	11
Income from sub-leasing of right-of-use assets	301	-

6. Amounts of cash outflow incurred on leases totaled \$5,291 and \$4,881 for the periods January 1 to March 31, 2023 and 2022, respectively.

(IX) Leases - as a lessor

1. The Group leases out its land and buildings. The current lease tenure is from September 2021 to August 2024. However, part of the lease was prematurely terminated on December 31, 2022. Lease contracts were individually negotiated and drafted with different terms and conditions. To ensure that lease assets are used for the purpose described, lessees are generally prohibited from sub-leasing, lending, or transferring all or part of the leased asset, or in any other way allowing others to make use of the leased asset. Lessees are also prohibited from transferring leases to others.
2. The Group recognized \$301 and \$1,733 of rental income from operating lease agreements for the periods January 1 to March 31, 2023 and 2022; this amount included no variable lease payment.
3. Maturity analysis for lease payments collectible on operating leases:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
No more than 1 year	\$ -	\$ -	\$ 6,897
More than 1 year but not exceeding 5 years	1,053	-	9,771
	<u>\$ 1,053</u>	<u>\$ -</u>	<u>\$ 16,668</u>

4. See Note 7 for details on the lease of assets to related parties.

(X) Investment property

	<u>2022</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	-	(813)	(813)
	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>
January 1	\$ 229,660	\$ 47,985	\$ 277,645
Depreciation	-	(407)	(407)
March 31	<u>\$ 229,660</u>	<u>\$ 47,578</u>	<u>\$ 277,238</u>
March 31			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	-	(1,220)	(1,220)
	<u>\$ 229,660</u>	<u>\$ 47,578</u>	<u>\$ 277,238</u>

1. The Group signed a contract to purchase real estate property located in Xindian District for a price of \$280,077 (tax-inclusive) in March 2021, and the ownership transfer was completed in May 2021. This real estate was originally planned for self-use, but concerns were raised on the inconvenience of relocation, construction and certification of customer plants during the COVID-19 pandemic. After taking into account the above concerns, a decision was made to postpone plant relocation and lease the plant to a related party in September 2021. For this reason, the asset was reclassified into an investment property. The lease of this property was terminated in December 2022 and was therefore reclassified to property, plant and equipment.
2. Rent income and direct expenses associated with investment property:

	<u>January 1 to March 31,</u> <u>2022</u>
Rent income from investment property	<u>\$ 1,733</u>
Direct expenses incurred in relation to current rent income generated from investment property	<u>\$ 407</u>

3. Fair value of the Group's investment properties was reported at \$280,333 as at March 31, 2022 based on the valuation result produced by an independent valuer. The valuation used a combination of the comparative and income approaches, which involved level 3 fair value inputs. Main assumptions of the valuation are as follows:

	<u>March 31, 2022</u>
Income capitalization rate	1.8%

4. See Note 8 for details of investment property pledged as collateral.

(XI) Short-term loans

<u>Nature of loan</u>	<u>March 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured loan	<u>\$ 105,000</u>	1.08%~1.10%	None

1. None as at March 31, 2023 and December 31, 2022.

2. \$0 and \$324 of interest expense were recognized in profit or loss for the periods January 1 to March 31, 2023 and 2022, respectively.

(XII) Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Employee and director remuneration payable	\$ 27,274	\$ 26,752	\$ 26,214
Salary and bonus payable	24,473	33,420	22,376
Equipment purchase payable	3,077	-	150
Other payables	<u>14,281</u>	<u>14,098</u>	<u>14,884</u>
	<u>\$ 69,105</u>	<u>\$ 74,270</u>	<u>\$ 63,624</u>

(XIII) Long-term loans

<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.85%	Land and buildings	\$ 152,701
Less: current portion of long-term loan				(10,331)
				<u>\$ 142,370</u>
<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest	1.73%	Land and buildings	\$ 155,286

					repayable on a monthly basis
					Less: current portion of long-term loan
					(10,376)
					<u>\$ 144,910</u>
<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>		<u>March 31, 2022</u>
Long-term bank borrowings					
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.25%	Land and buildings	\$	163,113
					Less: current portion of long-term loan
					(10,591)
					<u>\$ 152,522</u>

(XIV) Pension

1. The Company and domestic subsidiaries have implemented defined contribution policies in accordance with the "Labor Pension Act" that apply to all employees of local nationality. For employees who are subject to the pension scheme introduced under the "Labor Pension Act," the Company and domestic subsidiaries contribute an amount equal to 6% of employees' monthly salary to their individual accounts held with the Bureau of Labor Insurance on a monthly basis. Upon retirement, employees are paid the balance of their pension account plus cumulative gains either in monthly installments or in one lump sum.
2. OHU currently implements a company-funded personal pension program. Every employee who voluntarily participates in the program may have pension contributions shared between OHU and the employee. OHU makes contributions at 3% of gross salary, up to the amount in employee's self contribution.
3. OCI is required under the retirement insurance system of The People's Republic of China to pay monthly retirement premiums at a certain percentage of gross salary for local employees. Employees' pension funds are collectively managed by the local government. OCI has no further obligations other than making monthly contributions.
4. ONI makes pension contributions according to local regulations.
5. Total pension costs recognized under the above policies amounted to \$1,673 and \$1,463 for the periods January 1 to March 31, 2023 and 2022.

(XV) Liability reserves

	<u>2023</u> <u>Warranty</u>		<u>2022</u> <u>Warranty</u>	
January 1	\$	9,694	\$	8,271
Increase of liability reserves in the current period		2,629		2,801
Liability reserves used and reversed in the current period	(	<u>2,255</u>	(	<u>1,939</u>
March 31	\$	<u>10,068</u>	\$	<u>9,133</u>

Analysis of liability reserves:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 7,679</u>	<u>\$ 7,367</u>	<u>\$ 6,795</u>
Non-current	<u>\$ 2,389</u>	<u>\$ 2,327</u>	<u>\$ 2,338</u>

Warranty reserves are related to the sale of medical computers; the amount in which is estimated based on historical warranty information of the product concerned.

(XVI) Share-based payment

1. The Group had the following share-based payment arrangements for the periods January 1 to March 31, 2023 and 2022:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted (thousand shares)</u>	<u>Contract duration</u>	<u>Vesting condition</u>
Employee warrant program	August 6, 2020	1,000	5 years	2-4 years of service
Cash issue retain for subscription by employees	January 25, 2022	418	Not applicable	Immediately vested

The above share-based payment arrangement is settled with equity.

2. Details of the above share-based payment arrangements:

	<u>2023</u>		<u>2022</u>	
	<u>Quantity of</u>	<u>Weighted</u>	<u>Quantity of</u>	<u>Weighted</u>
	<u>warrants</u>	<u>average</u>	<u>warrants</u>	<u>average</u>
	<u>(thousand</u>	<u>exercise price</u>	<u>(thousand</u>	<u>exercise price</u>
	<u>shares)</u>	<u>(NTD)</u>	<u>shares)</u>	<u>(NTD)</u>
Opening balance (January 1) of outstanding warrants	872	\$ 114.70	1,000	\$ 121.50
Adjustment of warrants	<u>40</u>	-	-	-
Closing balance (March 31) of outstanding warrants	<u>912</u>	114.70	<u>1,000</u>	119.70
Closing balance (March 31) of exercisable warrants	<u>456</u>		<u>-</u>	

3. Maturity date and exercise price of warrants outstanding as at the balance sheet date:

	<u>Issuance</u>		<u>March 31, 2023</u>	
<u>Type of agreement</u>	<u>date</u>	<u>Maturity date</u>	<u>Shares (thousand)</u>	<u>Exercise price</u>
				<u>(NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	912	\$ 114.70
	<u>Issuance</u>		<u>December 31, 2022</u>	
<u>Type of agreement</u>	<u>date</u>	<u>Maturity date</u>	<u>Shares (thousand)</u>	<u>Exercise price</u>
				<u>(NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	872	\$ 114.70
	<u>Issuance</u>		<u>March 31, 2022</u>	
<u>Type of agreement</u>	<u>date</u>	<u>Maturity date</u>	<u>Shares (thousand)</u>	<u>Exercise price</u>
				<u>(NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	1,000	\$ 119.70

4. The Group uses the Black-Scholes options pricing model to estimate the fair value of warrants allocated for share-based payment and the fair value of cash issues retained for subscription by employees. Information on relevant parameters is presented below:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Risk-free rate</u>	<u>Fair value per unit</u>
			<u>(NTD)</u>				<u>(NTD)</u>
Employee warrant program	August 6, 2020	\$ 139.50	\$ 139.50	32.26%	3.88 years	0.29%	\$ 35.39
Cash issue retain for subscription by employees	January 25, 2022	107.50	88.00	18.32%	0.16 years	0.34%	19.5567

5. Expenses incurred on share-based payments are as follows:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Employee warrants	\$ 898	\$ 2,197
Cash issue retain for subscription by employees	<u>-</u>	<u>8,174</u>
	<u>\$ 898</u>	<u>\$ 10,371</u>

(XVII) Share capital

1. The Company had \$500,000 of authorized capital (including 6,000 thousand shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$332,612 of paid-up capital issued in 33,261 thousand shares at a face value of NT\$10 per share as at March 31, 2023. Proceeds from issued shares have been fully collected.

Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) between January 1 and March 31, 2023 and 2022, is explained below:

	<u>2023</u>	<u>2022</u>
January 1 (i.e. March 31)	<u>33,261</u>	<u>30,261</u>

2. The board of directors passed a resolution on August 7, 2019 to issue employee warrants and later resolved on December 23, 2019 to amend the issuance policy. A total of 1,000 units of the warrant were issued, and each warrant is vested with the right to subscribe 1,000 shares. 1,000 thousand new common shares will have to be issued when the warrants are exercised. The subscription price per share will be determined according to policy. The warrants mentioned above were issued on August 6, 2020; please see Note 6(16) for details.

3. The board of directors passed a resolution to issue 3,000 thousand common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the competent securities authority. The aforementioned capital increase was issued at a price of NT\$88 per share and the change of registration was completed on April 14, 2022.

(XVIII) Capital reserves

Pursuant to The Company Act, the amount in premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed

to shareholders in cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount in capital reserves capitalized into share capital is capped at 10% of paid-up capital per year. The Company may not utilize capital reserves to offset losses when there is still a positive balance in the earning reserves.

	<u>2023</u>			
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 654,359	\$ 24,885	\$ 228	\$ 679,472
Employee warrants	-	898	-	898
March 31	<u>\$ 654,359</u>	<u>\$ 25,783</u>	<u>\$ 228</u>	<u>\$ 680,370</u>

	<u>2022</u>			
	<u>Share premium</u>	<u>Employee warrants</u>		<u>Total</u>
January 1	\$ 446,346	\$ 16,327		\$ 462,673
Cash issue retain for subscription by employees	-	8,174		8,174
Employee warrants	-	2,197		2,197
March 31	<u>\$ 446,346</u>	<u>\$ 26,698</u>		<u>\$ 473,044</u>

(XIX) Retained earnings

1. According to the Articles of Incorporation, annual net income concluded by the Company is first subject to reimbursement of previous losses (including adjustment to unappropriated earnings) followed by a 10% provision for legal reserve. However, no further provision is needed when legal reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall be subject to provision or reversal of special reserve as laws or the authority may require. The residual balance can then be added to unappropriated earnings (including adjustment to unappropriated earnings) carried from previous years and distributed as dividends to shareholders, subject to board of directors' proposal and shareholder meeting resolution. The amount of dividends paid to shareholders must not be less than 5% of total distributable earnings. Cash dividends must not be less than 10% of the sum of cash and stock dividends for the current year. However, cash dividends amounting to less than NT\$0.1 per share are to be paid in stock dividends instead.

The Company adopts a residual dividend policy that takes into consideration current and future investment prospects, capital requirements, local and foreign competition, capital budget, shareholders' interest, balanced dividend, long-term financial plans and related factors.

2. The legal reserve may not be used for purposes other than reimbursing previous losses or distributing proportionally back to existing shareholders in the form of cash or new shares.

Only the amount of reserve that exceeds paid-up capital by 25% may be distributed in the form of cash or new shares.

3. When distributing earnings, the Company is bound by laws to make provision for special reserves equal to the debit balance of other equity items as of the current balance sheet date before proceeding. If the debit balance of other equity items is reversed on a later date, the amount reversed can be added to available earnings for distribution.
4. The board of directors passed its 2022 earnings appropriation proposal on February 21, 2023, whereas the 2021 earnings appropriation proposal was resolved by shareholders on May 31, 2022. Details are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision for legal reserves	\$ 20,296		\$ 12,755	
(Reversal of) provision for special reserves	(15,970)		4,903	
Cash dividends	166,307	\$ 5.0	99,784	\$ 3.0

A resolution was passed during the shareholder meeting held on May 31, 2022 to issue additional common shares at a premium above face value against the capitalization of \$33,261 in capital reserves. This is equivalent to NT\$1 of stock dividend per share.

Appropriation of 2021 earnings, as explained above, was indifferent from the proposals raised by the board of directors. The 2022 earnings appropriation proposal had yet to be resolved by shareholders as of May 9, 2023, therefore the consolidated financial statements do not reflect the amount of dividends payable.

(XX) Operating revenues

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Revenue from contracts with customers	<u>\$ 327,942</u>	<u>\$ 419,208</u>

1. Breakdown of revenue from contracts with customers

The Group recognizes income when merchandise is transferred or when service is rendered, which may take place progressively over time or occur at a specific time. Income can be distinguished by main product lines and geographic areas as follows:

January 1 to March 31, 2023	Medical computers			Services and warranty			Total
	Taiwan	USA	Others	Taiwan	USA	Others	
Revenue from contracts with external customers	<u>\$224,858</u>	<u>\$83,395</u>	<u>\$14,442</u>	<u>\$3,913</u>	<u>\$1,329</u>	<u>\$ 5</u>	<u>\$327,942</u>
Timing of revenue recognition							
Revenues recognized at a specific time	<u>\$224,858</u>	<u>\$83,395</u>	<u>\$14,442</u>	\$ -	\$ -	\$ -	<u>\$322,695</u>
Revenues recognized progressively over time	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,913</u>	<u>1,329</u>	<u>5</u>	<u>5,247</u>
	<u>\$224,858</u>	<u>\$83,395</u>	<u>\$14,442</u>	<u>\$3,913</u>	<u>\$1,329</u>	<u>\$ 5</u>	<u>\$327,942</u>
January 1 to March 31, 2022	Medical computers			Services and warranty			Total
	Taiwan	USA	Others	Taiwan	USA	Others	
Revenue from contracts with external customers	<u>\$187,659</u>	<u>\$202,387</u>	<u>\$18,442</u>	<u>\$6,866</u>	<u>\$3,810</u>	<u>\$ 64</u>	<u>\$419,208</u>
Timing of revenue recognition							
Revenues recognized at a specific time	<u>\$187,659</u>	<u>\$202,387</u>	<u>\$18,442</u>	\$ -	\$ -	\$ -	<u>\$408,468</u>
Revenues recognized progressively over time	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,866</u>	<u>3,810</u>	<u>64</u>	<u>10,740</u>
	<u>\$187,659</u>	<u>\$202,387</u>	<u>\$18,442</u>	<u>\$6,866</u>	<u>\$3,810</u>	<u>\$ 64</u>	<u>\$419,208</u>

2. Contractual liabilities

(1) Contractual liabilities associated with revenue from contracts with customers are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Contractual liabilities - current:				
Service and sales contract	\$ 47,187	\$ 55,834	\$ 75,141	\$ 64,568
Warranty contract	8,430	8,899	10,512	11,187
Contractual liabilities - non-current:				
Service and sales contract	58,077	54,939	51,070	26,024
Warranty contract	11,110	12,921	15,059	16,114
	<u>\$ 124,804</u>	<u>\$ 132,593</u>	<u>\$ 151,782</u>	<u>\$ 117,893</u>

(2) Amount in opening contractual liabilities recognized as current income

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Amount in opening contractual liabilities recognized as current income		
Service and sales contract	\$ 16,717	\$ 17,879
Warranty contract	2,367	3,049
	<u>\$ 19,084</u>	<u>\$ 20,928</u>

(3) Long-term contracts not yet fulfilled

The Group had long-term contracts with customers that were unfulfilled (or not fully fulfilled) as at March 31, 2023, December 31, 2022, and March 31, 2022, which had allocated prices of \$124,804, \$132,593, and \$151,782, respectively. The management expects to recognize \$55,617, \$64,733, and \$85,653 of revenues from allocated prices of unfulfilled performance obligations as at March 31, 2023, December 31, 2022, and March 31, 2022, in the following year, whereas the remaining contract prices are expected to be recognized as income over 2 to 8 years. The above amounts do not include constraining estimates of variable consideration.

(XXI) Other income

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Rental income	\$ 301	\$ 1,733
Dividend income	-	3,367
Other income	8,734	1,618
	<u>\$ 9,035</u>	<u>\$ 6,718</u>

(XXII) Other gains and losses

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Gain (loss) on financial assets at fair value through profit or loss	\$ 6,487	(\$ 6,065)
Government grant income	4,669	-
Gain (loss) on exchange	(2,916)	7,096
Depreciation of investment property	-	(407)
Other losses	(1,729)	-
	<u>\$ 6,511</u>	<u>\$ 624</u>

(XXIII) Additional information on the nature of costs and expenses

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Employee benefit expenses	\$ 67,534	\$ 76,173
Depreciation on property, plant, and equipment	3,862	4,211
Depreciation on right-of-use assets	1,754	2,615
Amortization	614	483
	<u>\$ 73,764</u>	<u>\$ 83,482</u>

(XXIV) Employee benefit expenses

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Salary expenses	\$ 61,175	\$ 68,498
Labor/health insurance premium	3,393	5,552
Pension expense	1,673	1,463
Other personnel expenses	1,293	660
	<u>\$ 67,534</u>	<u>\$ 76,173</u>

1. According to the Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 5% and director remuneration of no higher than 3%.
2. The Company had estimated employee remuneration at \$6,274 and \$4,062, and director remuneration at \$600 and \$600, for the periods January 1 to March 31, 2023 to 2022, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for the period January 1 to March 31, 2023 were estimated based on current year's profits to date and the percentages outlined in the Articles of Incorporation.

The board of directors had resolved to pay 2022 employee remuneration and director remuneration at \$18,000 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2022 financial report and were to be paid in cash. Payment had yet to be completed as at May 9, 2023.

Details of employees' and directors' remuneration passed by the Company's board of directors can be found on the Market Observation Post System.

(XXV) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Current income tax:		
Income tax on current profit	\$ 6,882	\$ 8,141
Underestimation of income tax expenses in previous years	-	866
Total current income tax	<u>6,882</u>	<u>9,007</u>
Deferred income tax:		
Occurrence and reversal of temporary difference	(2,800)	487
Income tax expense	<u>\$ 4,082</u>	<u>\$ 9,494</u>

(2) Income tax on other comprehensive income:

	<u>January 1 to March 31,</u> <u>2023</u>	<u>January 1 to March 31,</u> <u>2022</u>
Translation differences from foreign operations	(\$ 95)	\$ 807

- OCI, one of the consolidated entities, is incorporated in the People's Republic of China as a production-oriented foreign enterprise and is governed by the Enterprise Income Tax Law of the People's Republic of China.
- Profit-seeking enterprise business income tax returns of the Company and iHELPER have been certified by the tax authority up to 2021.

(XXVI) EPS

	<u>January 1 to March 31, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>EPS</u>
	<u>after tax</u>	<u>outstanding shares</u>	<u>(NTD)</u>
		<u>(thousand shares)</u>	
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 56,138</u>	<u>33,261</u>	<u>\$ 1.69</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 56,138	33,261	
Dilutive effect of potential common shares			
Employee remuneration	<u>-</u>	<u>158</u>	
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 56,138</u>	<u>33,419</u>	<u>\$ 1.68</u>

	<u>January 1 to March 31, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>EPS</u>
	<u>after tax</u>	<u>outstanding shares</u>	<u>(NTD)</u>
		<u>(thousand shares)</u>	
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 41,943</u>	<u>30,261</u>	<u>\$ 1.39</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 41,943	30,261	
Dilutive effect of potential common shares			
Employee remuneration	<u>-</u>	<u>103</u>	
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 41,943</u>	<u>30,364</u>	<u>\$ 1.38</u>

Employee warrants issued by the Company had an anti-dilutive in periods January 1 to March 31, 2023 and 2022, and were therefore excluded from the calculation of diluted earnings per share.

(XXVII) Supplementary cash flow information

Investing activities involving partial cash outlay:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Purchase of property, plant, and equipment	\$ 21,313	\$ 2,264
Plus: equipment proceeds payable at the beginning of the period	-	1,726
Less: Equipment proceeds payable at the end of the period (including related parties)	<u>(3,077)</u>	<u>(150)</u>
Cash paid during the current period	<u>\$ 18,236</u>	<u>\$ 3,840</u>

(XXVIII) Change of liabilities relating to financing activities

	<u>2023</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ 155,286	\$ 36,633	\$ 191,919
Repayment of long-term loan	-	(2,585)	-	(2,585)
Repayment of lease principal	-	-	(1,333)	(1,333)
Effects of exchange rate change	-	-	46	46
Other changes without cash effect	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>1,553</u>
March 31	<u>\$ -</u>	<u>\$ 152,701</u>	<u>\$ 36,899</u>	<u>\$ 189,600</u>
	<u>2022</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ 105,000	\$ 165,787	\$ 44,764	\$ 315,551
Repayment of long-term loan	-	(2,674)	-	(2,674)
Repayment of lease principal	-	-	(2,331)	(2,331)
Effects of exchange rate change	-	-	164	164
Other changes without cash effect	<u>-</u>	<u>-</u>	<u>(1,378)</u>	<u>(1,378)</u>
March 31	<u>\$ 105,000</u>	<u>\$ 163,113</u>	<u>\$ 41,219</u>	<u>\$ 309,332</u>

VII. Related party transactions

(I) Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 48.87% of its shares controlled by AAEON Technology Inc. AAEON Technology Inc. is the parent company, whereas ASUSTeK Computer Inc. is the ultimate controller of the Company.

(II) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
ASUSTeK Computer Inc.	The Company's ultimate parent company
AAEON Technology Inc.	The Company's parent company
AAEON Technology (Su Zhou) Inc.	Affiliated subsidiary - with common ultimate parent
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Affiliated subsidiary - with common ultimate parent
AAEON ELECTRONICS,INC.	Affiliated subsidiary - with common ultimate parent
Winmate Inc.	Associated company - investee accounted by the Company using the equity method
ProtectLife International Biomedical Inc.	Associated company - investee accounted by the Company using the equity method
IBASE Technology Inc.	Other related party - investee accounted by the Company's parent using the equity method
IBASE (Shanghai) Technology Inc.	Other related party - subsidiary of an investee accounted by the Company's parent using the equity method
WT Microelectronics Co., Ltd.	Other related party - investee accounted by the Company's affiliated subsidiary using the equity method
NuVision Technology, Inc.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Morrihan International Corp.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Maxtek Technology Co., Ltd.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	Other related party - the Company's Chairman concurrently serves as chairman in the entity
EverFocus Electronics Corp. (USA)	Other related party - the Company's Chairman concurrently serves as chairman in the entity's parent
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in the entity

Kinpo Electronics Inc.	Other related party - iHELPER's chairman serves as director for the entity
New Era AI Robotics Inc.	Other related party - subsidiary of a shareholder that has significant influence over iHELPER
Spark Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
LYDS Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
Chuang, Yung-Shun	Executive management - the Company's Chairman

(III) Major transactions with related parties

1. Operating revenues

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Sales of goods:		
Parent company	\$ 207	\$ 3,835
Affiliated subsidiary of the same group	297	2,418
Associated company	-	14
Other related parties	2,531	169
	<u>\$ 3,035</u>	<u>\$ 6,436</u>

Selling prices of transactions with related parties were determined between the Group and the related counterparties, and there were no transactions of similar nature available for comparison. Other sales transactions were handled according to normal trade terms (at market price). Sales proceeds were collectible 30-90 days after shipment or 30 days after the current month-end.

2. Purchases

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Purchase of merchandise:		
Parent company		
AAEON Technology Inc.	\$ 27,758	\$ 67,370
Associated company	1,290	717
Other related parties	6,012	3,230
	<u>\$ 35,060</u>	<u>\$ 71,317</u>

The abovementioned purchases were handled according to normal trade terms (at market price). Payments were made 30 days after delivery or 30-60 days after month-end.

3. Operating costs and expenses

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Parent company	\$ 1,581	\$ 2,803
Affiliated subsidiary of the same group	1,316	1,117
Associated company	76	8
Other related parties	<u>2,226</u>	<u>79</u>
	<u>\$ 5,199</u>	<u>\$ 4,007</u>

The above operating costs and expenses mainly represent service charges and sundry expenses.

4. Other income

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Other related parties		
EverFocus Electronics Corp.(USA)	<u>\$ -</u>	<u>\$ 1,260</u>

Other income presented above mainly comprises income from administrative and support services.

5. Rental income (presented as other income)

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Parent company		
AAEON Technology Inc.	\$ 136	\$ 1,733
Other related parties		
LYDS Technologies Inc.	<u>165</u>	<u>-</u>
	<u>\$ 301</u>	<u>\$ 1,733</u>

Rent between the Group and related parties is negotiated after taking into consideration the market rate of nearby areas. Rent payments are collected on a monthly basis.

6. Related party receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable:			
Parent company	\$ 3	\$ 182	\$ 3,530
Affiliated subsidiary of the same group	6	726	2,379
Associated company	155	-	14
Other related parties	<u>2,531</u>	<u>138</u>	<u>182</u>
	<u>\$ 2,695</u>	<u>\$ 1,046</u>	<u>\$ 6,105</u>
Other receivables:			
Other related parties	<u>\$ 197</u>	<u>\$ -</u>	<u>\$ -</u>

7. Related party payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable:			
Parent company			
AAEON Technology Inc.	\$ 13,278	\$ 20,887	\$ 32,362
Associated company	124	5	19
Other related parties	<u>5,749</u>	<u>2,117</u>	<u>2,216</u>
	<u>\$ 19,151</u>	<u>\$ 23,009</u>	<u>\$ 34,597</u>
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other payables:			
Parent company	\$ 5,428	\$ 59	\$ 151
Associated company	80	4	-
Other related parties	<u>-</u>	<u>1,218</u>	<u>51</u>
	<u>\$ 5,508</u>	<u>\$ 1,281</u>	<u>\$ 202</u>

8. Leases - as a lessee

Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Affiliated subsidiary of the same group			
AAEON ELECTRONICS, INC.			
Current	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,113</u>

The Group leased office premises from one of its affiliated subsidiaries; the initial lease tenor was from January 2021 to December 2022 and was terminated early in June 2022. Amounts paid in relation to the above totaled \$1,032 for the period January 1 to March 31, 2022.

9. Property transaction

Acquisition of property, plant, and equipment

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Parent company		
AAEON Technology Inc.	<u>\$ 2,639</u>	<u>\$ -</u>

10. Guarantee deposits received

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Parent company AAEON Technology Inc.	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 1,148</u>

Represents rental deposit.

(IV) Compensation for key management

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Short-term employee benefits	\$ 11,622	\$ 14,266
Retirement benefits	145	187
Share-based payment	299	3,438
	<u>\$ 12,066</u>	<u>\$ 17,891</u>

VIII. Pledged assets

The Group had placed the following assets as collaterals:

<u>Assets</u>	<u>Book value</u>			<u>Purpose of security</u>
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	
Time deposit (presented as other current assets)	<u>\$ 914</u>	<u>\$ 921</u>	<u>\$ 859</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non-current assets)	<u>\$ 3,573</u>	<u>\$ 3,567</u>	<u>\$ 3,402</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (note)	<u>\$ 229,660</u>	<u>\$ 229,660</u>	<u>\$ 229,660</u>	Long-term loans
Buildings and structures (note)	<u>\$ 45,951</u>	<u>\$ 46,358</u>	<u>\$ 47,578</u>	Long-term loans

Note: Presented as property, plant and equipment as of March 31, 2023 and December 31, 2022; presented as investment property as at March 31, 2022.

IX. Major contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

X. Losses from major disasters

None.

XI. Major post-balance sheet date events

None.

XII. Others

(I) Capital management

Objectives of the Group's capital management efforts are to ensure continuity of business activities and maintain the optimal capital structure that minimizes funding costs while maximizing returns for shareholders. To maintain or adjust the capital structure, the Group may revise the amount in dividends paid to shareholders, refund capital back to shareholders, issue new shares, or reduce debts by making more effective use of working capital.

(II) Financial instruments

1. Types of financial instrument

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatory to be carried at fair value through profit or loss	\$ 40,654	\$ 34,167	\$ 40,466
Financial assets at fair value through other comprehensive income			
Voluntarily designated as an investment in an equity instrument	\$ 2,381	\$ 27,536	\$ 30,866
Financial assets carried at cost after amortization			
Cash and cash equivalents	\$ 353,587	\$ 328,886	\$ 457,529
Notes receivable	3,439	-	-
Accounts receivable	199,724	264,279	235,705
Accounts receivable - related parties	2,695	1,046	6,105
Other receivables	3,300	4,120	3,743
Other financial assets (presented as other current assets)	914	921	859
Guarantee deposits paid (presented as other current and non-current assets)	3,573	3,567	3,402
	<u>\$ 567,232</u>	<u>\$ 602,819</u>	<u>\$ 707,343</u>

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial liabilities			
Financial liabilities carried at cost after amortization			
Short-term loans	\$ -	\$ -	\$ 105,000
Accounts payable	85,136	83,348	93,315
Accounts payable - related parties	19,151	23,009	34,597
Other payables	69,105	74,270	63,624
Long-term loans (including those due within one year)	152,701	155,286	163,113
Guarantee deposits received	-	1,148	1,148
	<u>\$ 326,093</u>	<u>\$ 337,061</u>	<u>\$ 460,797</u>
Lease liabilities	<u>\$ 36,899</u>	<u>\$ 36,633</u>	<u>\$ 41,219</u>

2. Risk management policy

- (1) The Group's day-to-day operations are susceptible to multiple forms of financial risk, including market risks (exchange rate risk, interest rate risk, and price risk), credit risks, and liquidity risks. The Group undertakes forward exchange contracts to eliminate exchange rate risks, thereby minimizing the adverse impact of uncertainties on the Group's financial performance.
- (2) Risk management is performed by the Group's Treasury Department according to board-approved policies. The Treasury Department is responsible for identifying, assessing, and mitigating financial risks, and it achieves this by working closely with other departments within the Group. The board of directors has implemented written principles on risk management practices and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative/non-derivative instruments, and investment of residual liquid capital.

3. Characteristics and level of significant financial risks

(1) Market risk

Exchange rate risk

- A. The Group is a multinational organization, and transactions undertaken by the Company and subsidiaries in currencies other than the functional currency would give rise to exchange rate risks. USD accounts for the highest exposure of exchange rate risk. Exchange rate risks arise from future commercial transactions and recognized amounts of assets and liabilities.
- B. The management has implemented policies to guide Group affiliates in managing exchange rate risks associated with their functional currencies. All entities are

required to hedge exchange rate risks through the Group's Treasury Department. Exchange rate risks are measured by the value of USD transactions that are highly likely to occur. Instruments such as forward exchange are used to mitigate the effect of exchange rate volatility on expected sales revenues.

C. Some of the Group's business activities involve non-functional currencies (the Company and some of its subsidiaries use NTD as the functional currency, while some overseas subsidiaries use USD as the functional currency) and are therefore susceptible to exchange rate fluctuations. Information on foreign currency-denominated assets and liabilities susceptible to significant exchange rate fluctuation is presented below:

	<u>March 31, 2023</u>		Book value
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,524	30.45	\$ 259,556
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,396	30.45	42,508
	<u>December 31, 2022</u>		Book value
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,473	30.71	\$ 260,206
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,392	30.71	42,748
	<u>March 31, 2022</u>		Book value
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,978	28.625	\$ 171,120
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,612	28.625	46,144

D. Total gain (loss) on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation in the periods January 1 to March 31, 2023 and 2022, amounted to (\$2,916) and \$7,096, respectively.

E. The following is an analysis of risk exposures to various foreign currencies and impacts of significant exchange rate fluctuations:

<u>January 1 to March 31, 2023</u>			
<u>Sensitivity analysis</u>			
	<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,596	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	425	-

<u>January 1 to March 31, 2022</u>			
<u>Sensitivity analysis</u>			
	<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,711	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 461	-

Price risk

A. Equity instruments held by the Group exposed to price risks have been presented as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. For better management of price risks on equity instruments, the Group has implemented concentration limits and diversified its investment portfolio accordingly.

- B. The Group mainly invests in equity instruments issued by local companies. Prices of these equity instruments are affected by the uncertainty associated with the future value of the underlying investment. A 1% rise/fall in the price of equity instruments would increase/decrease gain or loss on equity instruments at fair value through profit or loss, and hence net income, by \$407 and \$405 for the periods January 1 to March 31, 2023 and 2022, respectively, assuming that all other factors remain unchanged. For equity investments that are carried at fair value through other comprehensive income, the above changes would increase/decrease gain or loss on investment by \$24 and \$308, respectively.

Cash flow and fair value risk of interest rate

- A. The Group's exposure to interest rate risk arises mainly from long-term loans borrowed at floating interest rates, which gives rise to the risk of cash flow change due to interest rates. This risk is partially offset by cash and cash equivalents held at a floating interest rate. The Group's floating rate borrowings for the periods January 1 to March 31, 2023 and 2022, were denominated in NTD.
- B. A 1% rise/fall in the NTD borrowing interest rate would reduce/increase net income by \$305 and \$536 for the periods January 1 to March 31, 2023 and 2022, assuming that all other factors remain unchanged. These changes are mainly attributed to changes in interest expense on loans borrowed at the floating rate.

(2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle and pay accounts receivable according to the prescribed terms.
- B. The Group has developed credit risk management practices from a group perspective. According to the Group's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by considering customers' financial position, previous conduct, and other relevant factors. The board of directors sets individual counterparty risk limits based on internal or external assessments. Uses of credit limit are monitored on a regular basis.
- C. The Group adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 90 days.
- D. The Group has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying any significant increase in the credit risk of a financial instrument held on hand after initial recognition:

A financial asset is considered to have exhibited a significant increase in credit risk after initial recognition when contractual payment (according to the terms of the underlying contract) becomes past due for more than 30 days.

- E. The Group distinguishes notes and accounts receivable (including related parties) by customers' characteristics, and adopts a simplified approach along with the use of provision matrix and loss given default to estimate expected credit loss.
- F. Financial assets that are rationally deemed unrecoverable after exhausting collection efforts are charged off. In which case, however, the Group will continue taking legal actions to secure debt entitlement. The Group had no charged-off debt with ongoing collection activities as of March 31, 2023, December 31, 2022, and March 31, 2022.
- G. (1) Customers of good credit background and insured accounts receivable are subject to loss given default of 0.2%. As at March 31, 2023, December 31, 2022, and March 31, 2022, the Group had outstanding accounts receivable of \$183,273, \$219,755, and \$199,746 and had made loss provisions of \$367, \$439 and \$399, respectively.
- (2) The Group takes into account multiple considerations, including the Monitoring Indicator published by National Development Council, future prospects, historical and current information etc. to determine loss given default, which is used for estimating loss provisions on accounts receivable from customers (including related parties) under normal credit conditions. Provision matrix as of March 31, 2023, December 31, 2022, and March 31, 2022 is as follows:

	Current	Overdue within 30 days	Overdue 31 60 days	Overdue 61 90 days	Overdue 91 120 days	Overdue more than 121 days	Total
<u>March 31, 2023</u>							
Expected loss given default	0.00~1.30%	7.71%	14.48%	44.38%	50.00%	100%	
Total book value	<u>\$ 16,049</u>	<u>\$ 2,658</u>	<u>\$ 4,875</u>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 12,931</u>	<u>\$ 37,311</u>
Loss provision	<u>\$ 131</u>	<u>\$ 193</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ 399</u>	<u>\$ 12,931</u>	<u>\$ 14,359</u>
<u>December 31, 2022</u>							
Expected loss given default	0.00~1.30%	7.71%	14.48%	44.38%	50.00%	100%	
Total book value	<u>\$ 31,975</u>	<u>\$ 12,799</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,177</u>	<u>\$ 61,012</u>
Loss provision	<u>\$ 403</u>	<u>\$ 980</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,177</u>	<u>\$ 15,003</u>
<u>March 31, 2022</u>							
Expected loss given default	0.00~1.62%	5.75%	21.28%	43.44%	50.00%	100%	
Total book value	<u>\$ 39,147</u>	<u>\$ 4,047</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,641</u>	<u>\$ 58,871</u>
Loss provision	<u>\$ 538</u>	<u>\$ 223</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,641</u>	<u>\$ 16,408</u>

H. Below are changes in loss provision on notes and accounts receivable (including related parties), determined using the simplified approach:

	<u>2023</u>		<u>2022</u>
January 1	\$	15,442	\$ 16,828
Reversal of impairment loss	(	767)	(474)
Exchange rate impact		51	453
March 31	<u>\$</u>	<u>14,726</u>	<u>\$ 16,807</u>

Losses reversed during the periods January 1 to March 31, 2023 and 2022, included \$767 and \$474 of losses reversed, respectively, on receivables from contracts with customers.

(3) Liquidity risk

- A. Cash flow projections are made by individual operating entities within the Group, and consolidated by the Group Treasury Department. The Group Treasury Department is responsible for monitoring and predicting liquidity and capital requirements within the Group and ensuring that adequate capital has been sourced to support operational requirements.
- B. As at March 31, 2023, December 31, 2022, and March 31, 2022, the Group had undrawn credit limits of \$194,000, \$194,000, and \$89,000, respectively.
- C. Non-derivative financial liabilities are presented in the chart below. The Group analyzes them based on their remaining timespan from the balance sheet date until contract maturity. The amount of contractual cash flow shown in the table below are not discounted.

March 31, 2023 <u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Accounts payable	\$85,136	\$ -	\$ -	\$ -
Accounts payable - related parties	19,151	-	-	-
Other payables	69,105	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	13,076	13,076	39,229	106,817
Lease liabilities	5,742	3,056	7,552	26,310

December 31, 2022				
<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Accounts payable	\$83,348	\$ -	\$ -	\$ -
Accounts payable - related parties	23,009	-	-	-
Other payables	74,270	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,973	12,973	38,920	109,193
Lease liabilities	6,385	2,720	6,872	26,324
March 31, 2022				
<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Short-term loans (including estimated interest)	\$105,125	\$ -	\$ -	\$ -
Accounts payable	93,315	-	-	-
Accounts payable - related parties	34,597	-	-	-
Other payables	63,624	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,569	12,569	37,708	115,220
Lease liabilities	10,231	4,739	6,329	25,724

D. The Group does not expect cash flows in the maturity analysis to occur at an earlier time or in amounts that differ significantly.

(III) Fair value information

1. Valuation techniques and inputs used for measuring fair value of financial and non-financial instruments are defined below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity and where price information is provided on an ongoing basis. The fair value of investments in listed shares is determined using this input.

Level 2 input: Inputs can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.

Level 3 input: Inputs that cannot be observed for an asset or liability. Investments in equity instruments without an active market are valued using this input.

2. For fair value information of investment properties carried at cost, please refer to Note 6(10).

3. Financial instruments not measured at fair value

Accounts including cash and cash equivalents, notes receivable, accounts receivable

(including related parties), other receivables (including related parties), other financial assets (presented as other current assets), guarantee deposits paid (presented as other current and non-current assets), short-term loans, accounts payable (including related parties), other payables (including related parties), lease liabilities, long-term loans (including current portion due in one year), and guarantee deposits received have book value that closely resembles their fair value.

4. Information on financial and non-financial instruments measured at fair value, classified by asset nature, characteristics, risks, and levels of fair value input:

(1) Group assets and liabilities by nature:

March 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 10,723	\$ -	\$ 29,931	\$ 40,654
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
	<u>\$ 10,723</u>	<u>\$ -</u>	<u>\$ 32,312</u>	<u>\$ 43,035</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,211	\$ -	\$ 26,956	\$ 34,167
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	27,536	27,536
	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ 54,492</u>	<u>\$ 61,703</u>
March 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 8,269	\$ -	\$ 32,197	\$ 40,466
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	30,806	30,806
	<u>\$ 8,269</u>	<u>\$ -</u>	<u>\$ 63,003</u>	<u>\$ 71,272</u>

(2) Methods and assumptions used for measuring fair value:

- A. Instruments using market quotation as fair value input (i.e. level 1), distinguished by characteristics:

Market quotation	<u>TWSE/TPEX listed shares</u> Closing price
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- B. Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments were obtained either by applying valuation techniques or by referring to counterparties' quotations.
- C. For the valuation of non-standardized financial instruments of low complexity, the Group adopts valuation techniques that are commonly used among market participants. Valuation models for this type of financial instrument often use observable market information as the parameter.
- D. Derivatives are valued using valuation models that are commonly accepted among market users, such as the discounted cash flow approach. Forward exchange contracts are usually valued using the prevailing forward exchange rate.
- E. Results generated from the valuation model are approximations of the estimate. The valuation technique may not reflect all relevant factors associated with the holding of financial and non-financial instruments. For this reason, estimates generated from the valuation model are adjusted using additional parameters, such as modeling risks or liquidity risks. Judging by the Group's fair value assessment modeling policies and control procedures, the management is confident that they ensure a fair presentation for the fair values of financial and non-financial instruments shown on the balance sheet. All valuation adjustments made were appropriate and necessary. All price information and parameters used in the valuation process have been thoroughly assessed and adjusted appropriately according to the prevailing market conditions.

5. There had been no transfer between level 1 and level 2 input during the periods January 1 to March 31, 2023 and 2022.

6. Changes in level 3 input during the periods January 1 to March 31, 2023 and 2022, are explained below:

	<u>2023</u>		<u>2022</u>
	<u>Equity instrument</u>		<u>Equity instrument</u>
January 1	\$ 54,492		\$ 68,787
Recognized through profit and loss (Note 1)	2,975	(	4,209)
Recognized in other comprehensive income (Note 2)	-	(	1,575)
Outward transfer of level 3 input	<u>(25,155)</u>		<u>-</u>
March 31	<u>\$ 32,312</u>		<u>\$ 63,003</u>

Note 1: Presented as other gains and losses.

Note 2: Presented as unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income

7. The outward transfer of level 3 input that occurred between January 1 and March 31, 2023 was due to the reclassification of ProtectLife shares, which used to be measured using level 3 input. Please see Note 6(6) for detailed description. There was no inward or outward transfer of level 3 input between January 1 and March 31, 2022.
8. The Treasury Department is responsible for validating the fair value of assets that require the use of level 3 fair value input. The department relies on independent sources of information to ensure that the valuation results closely resemble the market condition; it verifies that information is obtained from independent, reliable, and consistent sources; and makes necessary fair value adjustments to ensure that valuation results are reasonable. Furthermore, the Treasury Department has financial instrument fair value evaluation policies and procedures in place and adopts practices to ensure compliance with International Financial Reporting Standards.
9. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	<u>Fair value as of</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>December 31, 2023</u>	<u>technique</u>	<u>and</u>	<u>(weighted</u>	<u>between input</u>
			<u>unobservable</u>	<u>average)</u>	<u>and fair value</u>
			<u>input</u>		
Equity instrument:					
Non-listed shares	\$ 2,381	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	29,931	Net asset value approach	Not applicable	Not applicable	Not applicable
			<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>Fair value as of</u>	<u>Valuation</u>	<u>and</u>	<u>(weighted</u>	<u>between input</u>
	<u>December 31, 2022</u>	<u>technique</u>	<u>unobservable</u>	<u>average)</u>	<u>and fair value</u>
			<u>input</u>		
Equity instrument:					

Non-listed shares	\$	27,536	Discounted cash flow method	Note 1	Not applicable Note 2	
Shares of joint venture companies		26,956	Net asset value approach	Not applicable	Not applicable	Not applicable
					<u>Significant and unobservable input</u>	<u>Range (weighted average)</u>
		<u>Fair value as of March 31, 2022</u>	<u>Valuation technique</u>			<u>Relationship between input and fair value</u>
Equity instrument:						
Non-listed shares	\$	30,806	Discounted cash flow method	Note 1	Not applicable Note 2	
Shares of joint venture companies		32,197	Net asset value approach	Not applicable	Not applicable	Not applicable

Note 1: Long-term revenue growth rate, the weighted average cost of capital, long-term pre-tax operating profit, discount for lack of marketability, discount for minority interest.

Note 2: The higher the weighted average cost of capital, discount for lack of marketability, and discount for minority interest, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value.

10. The Group exercises a high level of discretion and evaluation in the selection of valuation models and parameters. However, the uses of different valuation models or parameters may produce different valuation results. For financial assets classified as level 3 input, impacts on other comprehensive income in the event of a change in valuation parameter are explained below:

	<u>Input</u>	<u>Variation</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
			<u>Recognized in other comprehensive income</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in other comprehensive income</u>
			<u>Favorable variation</u>	<u>Adverse variation</u>	<u>Favorable variation</u>	<u>Adverse variation</u>
Financial assets						
Equity instrument	Weighted average funding cost	±0.5%	<u>\$ 1,350</u>	<u>(\$ 1,250)</u>	<u>\$1,350</u>	<u>(\$1,250)</u>
	<u>Input</u>	<u>Variation</u>	<u>March 31, 2022</u>		<u>Recognized in other comprehensive income</u>	
			<u>Favorable variation</u>	<u>Adverse variation</u>	<u>Favorable variation</u>	<u>Adverse variation</u>
Financial assets						
Equity instrument	Weighted average funding cost	±0.5%			<u>\$1,350</u>	<u>(\$1,250)</u>

XIII. Other disclosures

(I)Information related to significant transactions

Significant transactions undertaken by the Group during the period January 1 to March 31, 2023, as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers, are explained below; transactions with subsidiaries have been eliminated while preparing the consolidated financial report and are disclosed below solely for reference.

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures): Please refer to Attachment 1.
4. Cumulative purchase or sale of the same marketable securities amounting to NT\$300 million or more than 20% of the paid-up capital: None.
5. Acquisition of real estate amounting to NT\$300 million or more than 20% of paid-up capital: None.
6. Disposal of real estate amounting to NT\$300 million or more than 20% of paid-up capital: None.
7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 2.
8. Related party accounts receivable amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 3.
9. Derivative transactions: None.
10. Major business dealings between the parent company and subsidiaries and transactions between subsidiaries: Please see Attachment 4.

(II)Information on business investments

Names, locations, and information on investees (excluding Mainland investees): Please see Attachment 5.

(III)Information relating to investments in the Mainland

1. Profile: Please see Attachment 6.
2. Significant transactions with Mainland investees, whether directly invested or indirectly invested through a third location: None.

(IV)Information on major shareholders

Information on major shareholders: Please see Attachment 7.

XIV. Segment information

(I)General information

The Group prepares regional information for its decision makers; regional information is sorted by the locations at which sales orders are received and is currently divided between Taiwan and the USA. Since the two regions differ significantly in terms of sales network, products, and distribution model and operate independently with respect to financial management and performance evaluation, the Group has identified Taiwan and the USA as the reporting segments.

(II)Assessment of segment information

The Group assesses the performance of each segment based on operating revenues. All segments adopt consistent accounting policies, as described in Note 4 - Summary of significant accounting policies of the consolidated financial report. Sales between segments are conducted based on the fair trade principle. Revenues from external sources reported to main decision makers are measured in a manner consistent with revenues of the statement of comprehensive income.

(III)Segment profit/loss

	<u>January 1 to March 31, 2023</u>			<u>Eliminated upon consolidation</u>	<u>Consolidated</u>
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>		
Income from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 228,771	\$ 84,724	\$ 14,447	\$ -	\$ 327,942
	\$ -	\$ -	\$ -	\$ -	
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>86,486</u>	<u>-</u>	<u>6,880</u>	<u>(93,366)</u>	<u>-</u>
Segment profit/loss	<u>\$ 315,257</u>	<u>\$ 84,724</u>	<u>\$ 21,327</u>	<u>(\$ 93,366)</u>	<u>\$ 327,942</u>
Segment profit/loss includes:	<u>\$ 41,436</u>	<u>(\$ 7,989)</u>	<u>(\$ 2,199)</u>	<u>\$ -</u>	<u>\$ 31,248</u>
Depreciation and amortization	<u>\$ 5,502</u>	<u>\$ 99</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ 6,230</u>

	<u>January 1 to March 31, 2022</u>			<u>Eliminated</u>	<u>Consolidated</u>
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>upon</u>	
				<u>consolidation</u>	
Income from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 194,525	\$206,197	\$ 18,486	\$ -	\$ 419,208
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>118,077</u>	<u>920</u>	<u>6,575</u>	<u>(125,572)</u>	<u>-</u>
	<u>\$ 312,602</u>	<u>\$207,117</u>	<u>\$ 25,061</u>	<u>(\$125,572)</u>	<u>\$ 419,208</u>
Segment profit/loss	<u>\$ 35,881</u>	<u>(\$ 3,744)</u>	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ 32,555</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 6,031</u>	<u>\$ 1,068</u>	<u>\$ 617</u>	<u>\$ -</u>	<u>\$ 7,716</u>

Note: Information on segment assets and liabilities was not provided to key decision makers of the Group, and therefore were not disclosed.

(IV) Reconciliation of segment profit/loss

Sales of merchandise (product) and rendering of service between segments are conducted based on the fair trade principle. Revenues from external sources and financial information reported to main decision makers are measured in a manner that is consistent with the revenues and financial information presented in the statement of comprehensive income. Reconciliation between segment profit/loss and pre-tax profit from continuing operations for the current period:

	<u>January 1 to March 31,</u>	<u>January 1 to March 31,</u>
	<u>2023</u>	<u>2022</u>
Net income from reporting segments	\$ 33,447	\$ 32,137
Net income (loss) from other reporting segments	<u>(2,199)</u>	<u>418</u>
Total across segments	\$ 31,248	\$ 32,555
Gain (loss) on financial assets at fair value through profit or loss	6,487	(6,065)
Other gains and losses	23,136	25,354
Financial costs	<u>(697)</u>	<u>(792)</u>
Pre-tax profit from continuing operations	<u>\$ 60,174</u>	<u>\$ 51,052</u>

ONYX Healthcare Inc. and Subsidiaries

End-of-period marketable securities holding position (excluding investment in subsidiaries, associated companies, and joint ventures)

March 31, 2023

Attachment 1

Unit: NT\$ thousand
(unless specified otherwise)

<u>Company name</u>	<u>Type of security</u>	<u>Name of security</u> (Note 1)	<u>Relationship with the securities issuer</u> (Note 2)	<u>Account category</u>	<u>Shares</u>	<u>End-of-period</u>			<u>Remarks</u> (Note 4)
						<u>Book value</u> (Note 3)	<u>Shareholdings</u> percentage	<u>Fair value</u>	
ONYX Healthcare Inc.	Shares	MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity	Financial assets at fair value through profit or loss - current	18,716	\$ 3,556	0.04%	\$ 3,556	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	199,927	7,167	0.16%	7,167	None
ONYX Healthcare Inc.	Shares	Taiwan Star Venture Capital Investment Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,000,000	29,931	13.04%	29,931	None
ONYX Healthcare Inc.	Shares	MELTEN CONNECTED HEALTHCARE INC.	None	Financial assets at fair value through other comprehensive income - non-current	4,193,548	2,381	6.61%	2,381	None

Note 1: Securities mentioned in the financial statements shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above, as specified in IFRS 9 "Financial Instruments."

Note 2: Not required if the securities issuer is a non-related party.

Note 3: For items that are measured at fair value, the amount in fair value after adjustment and net of cumulative impairment is shown in the book value column; for items that are not measured at fair value, the amount in original acquisition cost or cost after amortization net of cumulative impairment is shown in the book value column.

Note 4: All securities that have been placed as collateral, borrowed against, or are subject to restrictions under agreed terms shall have details such as the quantity pledged, the amount charged, and restrictions explained in the remarks column.

ONYX Healthcare Inc. and Subsidiaries

Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital

January 1 to March 31, 2023

Attachment 2

Unit: NT\$ thousand

(unless specified otherwise)

<u>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Transaction summary</u>			<u>Distinctive terms of trade and reasons (Note 1)</u>		<u>Notes and accounts receivable (payable)</u>	<u>Remarks (Note 2)</u>		
			<u>Purchase (Sale)</u>	<u>Amount</u>	<u>As a percentage to total purchases (sales)</u>	<u>Loan tenor</u>	<u>Unit price</u>	<u>Loan tenor</u>	<u>Balance</u>	<u>As a percentage of total notes and accounts receivable (payable)</u>	
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sale)	(\$ 79,936)	(25.36%)	90 days after month-end	\$ -	\$ -	\$ 79,273	34.35%	None

Note 1: Where the terms of related party transactions differ from ordinary transactions, the discrepancy and causes of discrepancy shall be explained in the unit price and loan tenor columns.

Note 2: In the case of advanced receipt (prepayment), explain in the remarks column the reason, terms & conditions, amount and deviation from general transaction terms.

Note 3: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

Note 4: Disclose the revenue side; no disclosure is needed on the opposing side of the same transaction.

ONYX Healthcare Inc. and Subsidiaries

Related party receivables amounting to NT\$100 million or 20% of paid-up capital or above

March 31, 2023

Attachment 3

Unit: NT\$ thousand
(unless specified otherwise)

<u>Companies presented as accounts receivable</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Balance of related party receivables (Note 1)</u>	<u>Turnover rate</u>	<u>Overdue balance of related party receivables</u>		<u>Amount of related party receivables collected after the balance sheet date</u>	<u>Loss provisions provided</u>
					<u>Amount</u>	<u>Treatment</u>		
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	Subsidiary	\$ 79,273	3.58	\$ -	-	\$ -	\$ -

Note 1: Please input as related party accounts/notes/other receivables.

Note 2: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

ONYX Healthcare Inc. and Subsidiaries

Major business dealings between the parent company and subsidiaries and transactions between subsidiaries

January 1 to March 31, 2023

Attachment 4

Unit: NT\$ thousand
(unless specified otherwise)

<u>Serial No.</u> (Note 1)	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the transacting party</u> (Note 2)	<u>Account</u>	<u>Amount</u>	<u>Transaction summary</u>	<u>As a percentage of consolidated revenues or total assets</u> (Note 3)
						<u>Transaction terms</u>	
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 79,936	90 days after month-end	24.37%
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Accounts receivable	7927300.00%	90 days after month-end	3.93%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

- (1) 0 for the parent company.
- (2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction; For example, in a parent-to-subsidiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsidiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):

- (1) Parent to subsidiary.
- (2) Subsidiary to parent.
- (3) Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets or liabilities; for profit and loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: The Company determines key transactions presented in this chart based on principles of materiality.

Note 5: Individual transactions that amount to less than \$50,000 are not disclosed; disclose the asset or revenue side only. No further disclosure is needed on the opposing side of the same transaction.

ONYX Healthcare Inc. and Subsidiaries

Names, locations, and information on investees (excluding Mainland investees)

January 1 to March 31, 2023

Attachment 5

Unit: NT\$ thousand
(unless specified otherwise)

<u>Name of investor</u>	<u>Name of investee</u> (Notes 1 and 2)	<u>Location</u>	<u>Main business activities</u>	<u>Sum of initial investment</u>		<u>Period-end holding position</u>			<u>Current period</u>	<u>Investment</u>	<u>Remarks</u>
				<u>End of current</u>	<u>End of previous</u>	<u>Shares</u>	<u>Percentage</u>	<u>Book value</u>	<u>profit/loss of the</u>	<u>gains/losses</u>	
				<u>period</u>	<u>year</u>		<u>(%)</u>		<u>investee</u>	<u>current period</u>	
									<u>(Note 2(2))</u>	<u>(Note 2(3))</u>	
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 60,900	\$ 61,420	200,000	100	\$ 76,229	\$ 7,262	\$ 7,262	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support and maintenance of medical computers and peripherals	3,315	3,272	100,000	100	15,607	(1,533)	(1,533)	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,666	(85)	(39)	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	568,585	568,585	10,244,000	13	624,560	111,895	14,423	None
ONYX Healthcare Inc.	ProtectLife International Biomedical Inc.	Taiwan	Production and wholesaling of medical equipment, consumables, and related products	39,701	-	1,720,059	12	34,069	(10,100)	(786)	None

Note 1: If the public company has set up a foreign holding entity and prepared a consolidated financial report on the holding entity according to local regulations, information on foreign investees can be disclosed to the level of the foreign holding entity, and no further breakdown is needed.

Note 2: Companies that do not meet the condition described in Note 1 shall complete the form according to the following rules:

- (1) For columns including "Name of investor," "Location," "Main business activities," "Sum of initial investment," and "Period-end holding position," list down investees that are held by the Company first, followed by those held by directly controlled investees and indirectly controlled investees. Specify in the remarks column the relationship between each investee and the Company (such as a subsidiary or 2nd-tier subsidiary).
- (2) For "Current period profit/loss of the investee," specify the amount of profit or loss made by each investee in the current period.
- (3) For "Investment gains/losses recognized in the current period," specify only the amount of profit or loss that the Company has recognized from directly held subsidiaries and equity-accounted investees. No disclosure is needed on indirectly held investees. When disclosing "current gains/losses recognized on directly held subsidiaries," make sure that the gains/losses already include investment gains/losses that they are required to recognize on their investments.

Note 3: Amounts that are denominated in foreign currencies shall be converted into NTD using either the average exchange rate between January 1 to March 31, 2023 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc. and Subsidiaries

Mainland investments - profile

January 1 to March 31, 2023

Attachment 6

Unit: NT\$ thousand
(unless specified otherwise)

<u>Name of Mainland investee</u>	<u>Main business activities</u>	<u>Paid-up capital</u>	<u>Method of investment (Note 1)</u>	<u>Opening cumulative balance of investment capital invested from</u>	<u>Investment capital contributed or recovered during the current period</u>		<u>Closing cumulative balance of investment capital invested from</u>	<u>Current period profit/loss of the investee</u>	<u>The Company's direct or indirect holding percentage (%)</u>	<u>Investment gains (losses) recognized in the current period (Note 2(2)C.)</u>	<u>Closing investment book value</u>	<u>Investment gains recovered to date</u>	<u>Remarks</u>
				<u>Taiwan</u>	<u>Invested</u>	<u>Recovered</u>	<u>Taiwan</u>			<u>(Note 2(2)C.)</u>		<u>Investment gains recovered to date</u>	
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 66,990	1	\$ 66,990	\$ -	\$ -	\$ 66,990	(\$ 600)	100	(\$ 600)	\$ 5,249	\$ -	None

<u>Company name</u>	<u>Closing cumulative balance of investment capital transferred from</u>	<u>Investment limit authorized by the Investment Commission, Ministry of Economic Affairs</u>	<u>Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland</u>
	<u>Taiwan into Mainland China</u>	<u>Economic Affairs</u>	<u>China</u>
ONYX Healthcare Inc.	\$ 66,990	\$ 66,990	\$ 876,598

Note 1: Method of investment is distinguished between the three categories below, and presented in category name only:

- (1) Direct investment into the Mainland
- (2) Indirect investment into the Mainland through a third location (please indicate the name of the investee at the third location)
- (3) Other method

Note 2: With regards to investment gains/losses recognized in the current period:

- (1) Additional remarks are made for investments that are in the midst of preparation and have yet to produce gains or losses
- (2) Investment gains or losses are specified for having been recognized using one of the following three bases
 - A. Based on financial statements reviewed by the R.O.C. partner of an international CPA firm.
 - B. Based on auditor-reviewed financial statements of the parent company in Taiwan.
 - C. Based on investee's unaudited, non-auditor-reviewed financial statements for the corresponding period.

Note 3: Figures in this chart are presented in NTD.

Note 4: Amounts that are denominated in foreign currencies shall be converted into NTD using either the average exchange rate between January 1 to March 31, 2023 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc. and Subsidiaries

Information on major shareholders

March 31, 2023

Attachment 7

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding percentage (%)</u>
AAEON Technology Inc.	16,257,179	48.87
Chuang, Yung-Shun	2,745,068	8.25
ASUSTeK Computer Inc.	1,694,112	5.09

Note 1: Information on major shareholders, as presented in this chart, was taken from the records of Taiwan Depository & Clearing Corporation as at the final business day of each quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above.

Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: Shareholders who placed shares under the trust are disclosed in trustors' sub-accounts held with various trustees. According to Securities and Exchange Act, shareholders with more than 10% ownership interest are subject to insider equity reporting. Insider equity includes shares held in own name and any shares placed under a trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.