

Stock Code:6569



Onyx Healthcare Inc.

# ANNUAL REPORT 2022



**Annual Report Website**

**Taiwan Stock Exchange Market Observation Post**

System: <https://mops.twse.com.tw> Website: <https://www.onyx-healthcare.com>

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(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

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## **VI. COMPANY WEBSITE**

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## ONE Letter to Shareholders

Ladies and gentlemen:

The global economy faced increasing pressure from rising inflation and tightening monetary policies in 2022, and business operations were still facing many challenges. With our efforts to strengthen production capacity and quality, we have achieved a strong performance in revenue in 2022.

Looking ahead to the year 2023, Onyx Healthcare will continue to optimize our products and R&D, strengthen our competitiveness and create new business opportunities to proactively face the challenges ahead, and give back to the community through compelling products, services and innovations to enhance our corporate brand image, business value and international competitiveness.

The following is a report on the Company's business results for 2022 and its business plan and strategic development for 2023, respectively:

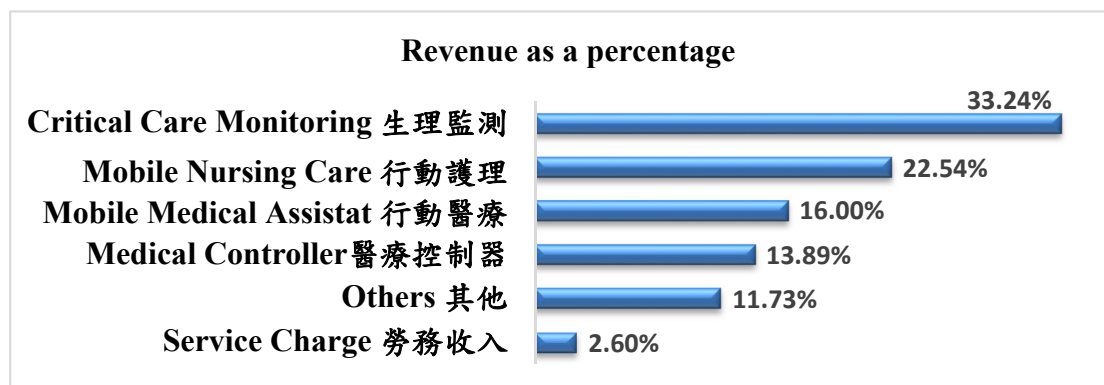
### I. Business Performance in 2022

#### (I) Project Results in 2022

Consolidated operating revenues for 2022 were NT\$1,600,265 thousand, an increase of 33.16% from NT\$1,201,760 thousand in 2021. Gross profit was NT\$472,306 thousand, an increase of 29.85% from NT\$363,728 thousand in 2021. Net income for the period was NT\$203,138 thousand, up 60.57% from NT\$126,509 thousand in 2021; resulting in earnings per share of NT\$6.24.

In terms of product performance, the growth of physiological monitoring and mobile medical aids saw more prominent growth, while the other major product lines grew slightly:

Below is a breakdown of revenue weight by products:



#### (II) Budget execution and analysis of revenues, expenses and profitability

1. Budget execution: The Company did not produce a financial forecast for 2022, and hence is not required to disclose its progress.
2. Revenues, expenses, and profitability analysis

Unit: NT\$ thousand

Item		Year	2022	2021
			Consolidated	Consolidated
Profitability analysis	Return on assets (%)		11.23	8.31
	Return on shareholders' equity (%)		16.68	12.12
	Ratio of profit before tax to Paid-in capital (%)		72.77	46.30
	Net profit margin (%)		12.69	10.53
	Basic earnings per share (NT\$)		6.24	4.22
	Diluted earnings per share (NT\$)		6.20	4.20

(III) Research and development

1. Research and development expenses in the last 2 years

Unit: NT\$ thousand; %

Item		Year	2022	2021
R&D expenses			86,671	79,351
Net operating revenues			1,600,265	1,201,760
As a percentage of net operating revenues			5.42	6.60

2. R&D progress in the last year

The Company's research and development dimensions include hardware, software, and components. Furthermore, the group's technology and industry-academia collaborations are integrated and applied to the development of new medical products, including physiological monitoring systems, medical controllers, long-term care systems, mobile medical devices, nursing care systems, medical-grade power systems, as well as the design and manufacturing of customized medical computers, etc. The products are marketed globally under the Onyx brand.

In terms of hardware, we primarily focus on the development of 5G+AI computers and peripherals with medical certifications, and customized designs are conducted in conjunction with major medical equipment manufacturers. The software includes smart power diagnosis/management and AIoT solutions. We are currently involved in the research of AI-driven edge computing, smart power management, and telemedicine medical records system. The components include lightweight, reinforced, and medical-grade exterior/structural design. In terms of the R&D outcome, new functions will be incorporated into the new products in the future to constantly strengthen the products' uniqueness, maintain technology leadership, and increase market share.

New products launched in 2022 include VM300/ VM500/ VM1000 /JS500 /JS1000 for medical AI applications. The new generation of Venus 4 smart nursing care computers can be used on nurse workstations and care systems. The second-generation all-in-one surgical computer MATE2, ACCEL and the new generation SMA series, as well as the

MedDP series of medical display products and MedPC series of medical controller devices all entered mass production.

Products developed in 2022, such as the ACCEL-JS500, a lightweight medical imaging AI computing platform, Upower-Pro43, a medical-grade hot swappable battery medical power bank, and ACCEL-VM500, an AI augmented reality medical imaging computing platform, received the 31st Taiwan Excellence Award, and the Telemedicine & EMS (Emergency Medical Services) AI Tablet received the 19th National Innovation Award.

## II. Business plan and strategic development for 2023

### (I) Operational policy

1. Taiwan's technology is combined with medical technology and care service, as well as the trend of global health technology and the aging population to provide comprehensive smart medical care solutions, including digital medical care, mobile nursing care, telecare, and personalized health management. Furthermore, the Company is driven by the business philosophy of "people value, integrity, innovation and customer respect".
2. The core of our business comprises proprietary brand as well as bespoke design and production to materialize the win-win strategy of complementing each other's growth, thereby generating the Company's revenues and profit growth.
3. Coordinate with suppliers and execute procurement, production and sales practices in conformity with ethical and environmental standards for mutual benefit.
4. Promote the integration of ESG strategies into the company's operational activities and development direction to foster corporate sustainability

### (II) Projected sales volume and basis

Through continuous cultivation of the medical PC market, we have developed steady customer groups in Europe and America, and our products have earned praise from customers on these continents. Through product R&D and innovation, it is expected that we can capture market growth opportunities in Europe and America to boost revenues and maintain steady profit growth for the company. In 2023, the Company will build on our experience to implement various strategies. As the global COVID-19 pandemic gradually subsides, the Company is expected to exhibit steady and strong growth.

### (III) Production-sales plan

1. Continue to promote our own brand—Onyx—on the Taiwanese, European, and American markets; target smart OR; engage in in-depth learning of medical market needs; provide European professional medical channels with new products; and develop niche products with high gross profits.
2. Provide ODM services, actively seize DMS business opportunities, provide dedicated brand-new automated production lines, strive for ODM orders from leading European and American medical suppliers, and create steady and rapid sales growth.
3. Accelerate and deepen collaboration with medical software developers, introduce smart healthcare solutions with worldwide



partners, target medical centers to open business opportunities in precision medicine.

4. Capitalize on online marketing tools to attract new customers.

(IV) Future development strategies

We are expanding our R&D manpower in hardware, software and institutions, and incorporating design quality assurance to strengthen design quality and diversified international medical certifications. Furthermore, we shall continue to actively engage in industry-academia cooperation to cultivate professional medical design talents to deepen medical technology. We shall also strengthen R&D momentum in our self-owned brand to bring our products from the current mobile medical field to the telemedicine field, including home care and long-term care products, while also expanding applications from inside to outside hospitals.

We are committed to continuing the development of medical artificial intelligence and medical Internet of Things. In the future, we will collect big data for analysis and provide business intelligence for management in decision-making. We shall also combine cloud databases to strengthen the efficiency of equipment use and further achieve newer heights in smart medical applications.

III. Impact of external competition, legal environment, and macro environment

(I) Impact of external competition

In recent years, large manufacturers have continued to enter the medical PC market. To tackle the competition, besides enhancing services for existing customers, we will emphasize the R&D of products with higher gross profit to provide customers with more competitive options.

(II) Impact of the legal environment

Besides complying with the relevant regulations at home and abroad, we keep track of policy trends and regulatory changes at home and abroad to provide a reference for management consideration and to take countermeasures. Currently, no unfavorable legal impact on operations has been detected

(III) Impact of the macro environment

While the global economic momentum is recovering from the impact of the COVID-19 pandemic, the aftermath of geopolitical and fiscal tightening policies is still profoundly affecting global economic recovery. In light of the continuing fluctuation of the U.S. dollar and the increase in exchange rate risks, the Company will maintain close contact with financial institutions to collect information on exchange rate changes regularly. In order to reduce the risk of foreign currency exchange rate fluctuations, the Company shall review the trend of exchange rate movements and adjust the proportion of foreign currency accounts appropriately to reduce the impact on business operations.

Lastly, we look forward to your continued support, encouragement, and advice.

Sincerely,

Onyx Healthcare Inc.

Chairman: Chuang, Yung-Shun

## TWO Company profile

I. Date of establishment: February 2, 2010

II. Corporate history

2010	<ul style="list-style-type: none"> <li>● February: The Company was founded with a total capital of NT\$30,000,000 and named ONYX Healthcare Inc. Its primary business activities were to provide reliable and high-quality medical computing solutions.</li> </ul>
2011	<ul style="list-style-type: none"> <li>● August: Passed certification for ISO 9001:2008 Quality Management System and ISO 13485: 2003 Medical devices - Quality management systems.</li> <li>● November: Founded U.S. subsidiary ONYX HEALTHCARE USA, INC.</li> </ul>
2012	<ul style="list-style-type: none"> <li>● March: Completed a cash issue of NT\$45,000 thousand to support operations, which increased total capital to NT\$75,000 thousand.</li> <li>● April: Founded Dutch subsidiary ONYX HEALTHCARE EUROPE B.V.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● March: The Company's 10-inch Android-powered bedside device (ONYX-BE100) and AI-ready medical image processing system (Zeus Series) won the 21st Taiwan Excellence Award. Zeus-247S, the Company's AI-ready medical image processing system, won Zorg &amp; ICT Innovation Award 2013.</li> <li>● December: Capitalized NT\$21,600 thousand of earnings, which increased total capital to NT\$96,600 thousand.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● April: The Company's 7-inch rugged medical tablet (MD70-PRO) won the 22nd Taiwan Excellence Award.</li> <li>● August: Capitalized NT\$33,810 thousand of earnings, which increased total capital to NT\$130,410 thousand.</li> <li>● September: Founded subsidiary Onyx Healthcare (Shanghai) Inc.</li> </ul>
2015	<ul style="list-style-type: none"> <li>● April: The Company's UPS-supported mobile medical platform (Venus-191) and medical computer display (ONYX-BE381) won the 23rd Taiwan Excellence Award.</li> <li>● August: Capitalized NT\$13,041 thousand of earnings, which increased total capital to NT\$143,451 thousand.</li> <li>● December: Shares of the Company were publicly offered.</li> </ul>
2016	<ul style="list-style-type: none"> <li>● January: Registered on the Emerging Market board with Taipei Exchange (TPEX).</li> <li>● February: Passed certification for ISO 14001: 2015 - Environmental management.</li> <li>● August: Capitalized NT\$14,345 thousand of earnings, which increased total capital to NT\$157,796 thousand.</li> <li>● October: Won the 25th National Award of Outstanding SMEs, 19th Rising Star Award and 23rd Taiwan SMEs Innovation Award.</li> <li>● December: Shares were listed for trading on TPEX.</li> </ul>

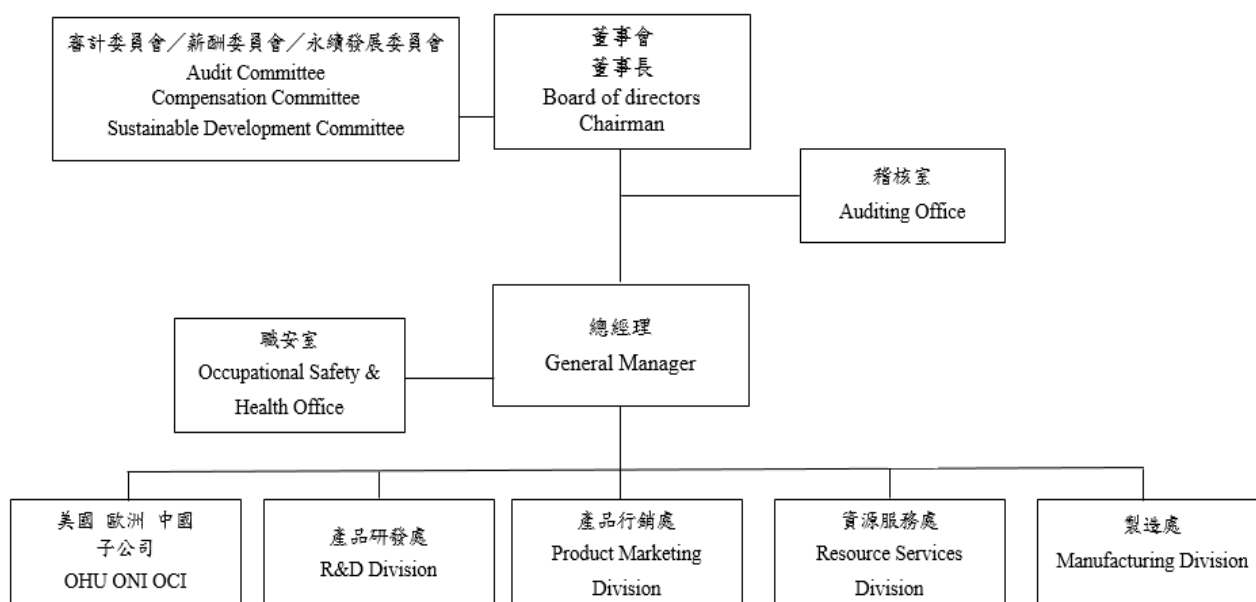
2017	<ul style="list-style-type: none"> <li>● January: Completed a cash issue of NT\$24,090 thousand, which increased total capital to NT\$181,886 thousand.</li> <li>● February: The Company's all-in-one integrated bedside multimedia infotainment unit, fanless medical computer, lightweight medical UPS and dual-expansion AI-ready surgical image processing system won the 25th Taiwan Excellence Award.</li> <li>● June: Won the 4th Taiwan Mittlestand Award.</li> <li>● August: Ranked second in the 2017 Excellence in Corporate Social Responsibility - SME Division. Capitalized NT\$18,189 thousand of earnings, which increased total capital to NT\$200,075 thousand.</li> <li>● October: Won 2017 TCSA (Taiwan Corporate Sustainability Awards).</li> <li>● November: The Company's UPS-supported mobile medical platform (Venus) won the 14th National Innovation Award.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● February: The Company's rugged emergency medical tablet, automated biomonitoring system and mobile medical UPS won the 26th Taiwan Excellence Award.</li> <li>● August: Ranked third in the 2018 Excellence in Corporate Social Responsibility - SME Division.</li> <li>● November: Won bronze award in 2018 Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award - IT &amp; IC Manufacturing category.</li> </ul>
2019	<ul style="list-style-type: none"> <li>● February: The Company's fanless medical computer, hospital IT management software, 8-inch medical tablet and all-in-one bedside infotainment unit won the 27th Taiwan Excellence Award.</li> <li>● September: Ranked second in the 2019 Excellence in Corporate Social Responsibility - SME Division. Capitalized NT\$20,007 thousand of earnings, which increased total capital to NT\$220,082 thousand.</li> </ul>
2020	<ul style="list-style-type: none"> <li>● February: The Company's expandable modularized fanless medical computer and 32-inch high resolution surgical image processing system won the 28th Taiwan Excellence Award.</li> <li>● August: Capitalized NT\$55,020 thousand of earnings, which increased total capital to NT\$275,102 thousand.</li> </ul>
2021	<ul style="list-style-type: none"> <li>● February: The Company's expandable modularized fanless medical computer and 32-inch high resolution surgical image processing system, UPS-supported mobile medical platform and telehealth tablets won the 28th Taiwan Excellence Award.</li> <li>● September: Capitalized NT\$27,510 thousand of earnings, which increased total capital to NT\$302,612 thousand.</li> <li>● December: Onyx 4-slot hot swappable battery medical power bank wins at the 18th National Innovation Awards.</li> </ul>

	The Company's wins Excellent Merchant at the 75th Golden Merchant Awards
2022	<ul style="list-style-type: none"> <li>● April: Completed a cash issue of NT\$30,000 thousand, which increased total capital to NT\$332,612 thousand.</li> <li>● November: The Company's AI tablet for telemedicine and emergency care won the 19th We, Innovators.</li> </ul>
2023	<ul style="list-style-type: none"> <li>● February: The Company's lightweight medical imaging AI computing platform, medical-grade hot swappable battery medical power bank, and AI augmented reality medical imaging computing platform won the 31st Taiwan Excellence Award.</li> </ul>

# THREE Corporate Governance Report

## I. Organization

### (I) Organizational structure of the Company



### (II) Responsibilities of main departments

Department	Main duties
Auditing Office	<ol style="list-style-type: none"> <li>1. Establishment and management of the Company's internal control system and audit system.</li> <li>2. Executes audit tasks.</li> <li>3. Correction and tracking of internal control defects and misconducts.</li> <li>4. Reporting of audit outcome.</li> <li>5. Ensures that internal control and management systems are effectively executed within the Company.</li> </ol>
Occupational Safety & Health Office	<ol style="list-style-type: none"> <li>1. Establishment of occupational hazard plan and emergency response plan, and to supervise implementation across departments.</li> <li>2. Plans and supervises implementation and audit of the worker safety and health audit in all departments.</li> <li>3. Plans and supervises count and inspection of safety and health facilities.</li> <li>4. Plans and supervises personnel in conducting regular/focused inspections, hazard identification and operating environment testing.</li> <li>5. Plans and implements worker safety and health training.</li> <li>6. Arranges health checkup for workers and implements health management.</li> <li>7. Supervises workers in the investigation, handling and statistical analysis of occupational hazards such as illness, injury, disability and death.</li> </ol>

Department	Main duties
	<ol style="list-style-type: none"> <li>8. Implements safety and health performance assessment and offers consultation on worker safety and health.</li> <li>9. Provides information and suggestions relating to worker safety and health management.</li> <li>10. Other matters relating to worker safety and health management.</li> </ol>
Product R&D Division	<ol style="list-style-type: none"> <li>1. Review and confirmation of product research, development and design.</li> <li>2. Determines engineering specifications.</li> <li>3. Review and maintenance of research, development and engineering documents.</li> <li>4. Execution of development projects and objectives.</li> <li>5. Provides technical support for mass production at production departments.</li> <li>6. Assist with the handling of customer complaints and issues with vendors' quality.</li> </ol>
Marketing Division	<ol style="list-style-type: none"> <li>1. New market and new customer development, and product promotion, introduction and sale.</li> <li>2. Planning, editing, design, maintenance and update of company website.</li> <li>3. Plans and executes exhibitions.</li> <li>4. Preparation and distribution of corporate materials, publications, promotional documents and press release.</li> <li>5. Forecast and review of project development costs and expenses.</li> <li>6. Assists production and quality assurance departments in problem solution.</li> </ol>
Resource & Service Division	<ol style="list-style-type: none"> <li>1. Responsible for maintenance, control and management of internal information systems.</li> <li>2. Supervises personnel, administrative and general affairs.</li> <li>3. Handles communication for board of directors meetings, annual general meetings and important meetings.</li> <li>4. Routine bookkeeping and financial statement preparation.</li> <li>5. Tax and compliance matters.</li> <li>6. Exchange rate and interest rate risk management.</li> <li>7. Management of working capital and liquidity.</li> <li>8. Budget preparation, planning and review.</li> </ol>
Design Quality Assurance Department	<ol style="list-style-type: none"> <li>1. Management and execution of product function tests and quality assurance.</li> </ol>
Quality Assurance Department	<ol style="list-style-type: none"> <li>1. Input material test, procedure control and shipment test.</li> <li>2. Assists production department in problem solution.</li> <li>3. Supplier quality management and resolution of quality defects.</li> <li>4. Adoption and implementation of quality approach and system.</li> <li>5. Assists customers in after-sale service and complaint resolution.</li> </ol>

Department	Main duties
Manufacturing Division	<ol style="list-style-type: none"> <li>1. Management and planning of production units.</li> <li>2. Production capacity planning and implementation.</li> <li>3. Cost and procurement management for production units.</li> <li>4. Planning for mass production and researches on the production process.</li> <li>5. Inspection of incoming materials, quality control of production process and finished goods inspection.</li> <li>6. Assist and handle incidents of abnormal quality from the production units.</li> <li>7. Quality control and manage of material vendor and supplier</li> <li>8. Introduction of quality concepts and quality systems.</li> <li>9. Management, control and approval of production needs.</li> <li>10. Control of production lead time.</li> <li>11. Warehousing management and planning and management and approval of material-related operations.</li> <li>12. Control and reporting of slow-moving materials.</li> <li>13. Management and approval of procurement.</li> <li>14. Approval of price negotiations and control of procurement cost.</li> <li>15. Oversee the management and assessment of vendors.</li> <li>16. Control, counseling and tracking the implementation of the quality system for production units, vendors and collaborative partners.</li> </ol>
Sales Dept.	<ol style="list-style-type: none"> <li>1. Determination and execution of business targets.</li> <li>2. Survey and expansion of local and foreign markets.</li> <li>3. Accomplishment of sales targets, maintenance of customer relations and provision of service to customers.</li> </ol>
RSM Dept.	<ol style="list-style-type: none"> <li>1. Maintaining good relationship with clients and promoting satisfaction, and clear accounts receivable from clients' payments.</li> </ol>

II. Background information of directors, supervisors, the President, vice presidents, assistant vice presidents, and heads of departments and branches

(I) Background of directors and supervisors

1. Directors' background

April 02, 2021; unit: shares; %

Position	Nationality or place of registration	Name	Gender/ Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Chairman	Republic of China	Jui Hai Investment Co., Ltd.		2022.05.31	3 years	2019.05.29	219,080	0.66%	219,080	0.66%	—	—	—	—	—	—	None	None	None	Note 6
	Republic of China	Representative: Chuang, Yung-Shun	Male 70-75			2010.01.25	—	—	2,745,068	8.25%	—	—	—	—	Ph.D. of Engineering (honors), National Taiwan University of Science and Technology AAEON Technology Inc. - Chairman	Chairman of the Company Details of other concurrent duties (Note 1)	None	None	None	None
Director	Republic of China	AAEON Technology Inc.		2022.05.31	3 years	2010.01.25	16,257,179	48.88%	16,257,179	48.88%	—	—	—	—			None	None	None	None
	Republic of China	Representative: Wang, Feng-Hsiang	Male 51-60			2013.06.28	—	—	1,087,292	3.27%	—	—	—	—	MBA, City University of New York ONYX Healthcare Inc. - President AAEON Technology Inc. - Vice President Advantech - Manager	Senior Consultant of the General Manager's Office President of the Company Details of other concurrent duties (Note 2)	None	None	None	None
Director	Republic of China	AAEON Technology Inc.		2022.05.31	3 years	2010.01.25	16,257,179	48.88%	16,257,179	48.88%	—	—	—	—			None	None	None	None
	Republic of China	Representative: Lin, Chien-Hung	Male 51-60			2019.05.29	—	—	13,762	0.04%	—	—	—	—	AAEON Technology Inc. - President Graduate Institute of Electrical Engineering, National Taiwan University	AAEON Technology Inc. - President	None	None	None	None



Position	Nationality or place of registration	Name	Gender/ Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Independent Director	Republic of China	Lee, Chih-Hao	Male 51-60	2022.05.31	3 years	2022.05.31	—	—	—	—	—	—	—	—	National Chengchi University – MBA	Details of other concurrent duties (Note 3)	None	None	None	None
Independent Director	Republic of China	Tseng, Ho-Chun	Male 61-70	2022.05.31	3 years	2022.05.31	57,169	0.17%	57,169	0.17%	—	—	—	—	Montclair State University - Master of Computer Science Yonghe Investment Co., Ltd. - Chairman	Details of other concurrent duties (Note 4)	None	None	None	None
Independent Director	Republic of China	Liao, Hsiu-Mei	Female 51-60	2022.05.31	3 years	2022.05.31	—	—	—	—	—	—	—	National Taipei University - PhD in Accounting Ming Chuan University - Professor and also Chair of Accounting Department	KairosTech Innovation Corp. - Director Kairos Global Corporation - Supervisor	None	None	None	None	
Director		Vacancy (Note 5)																		

Note 1: AAEON Electronics Inc. - Director, AAEON TECHNOLOGY (Europe) B.V. - Director, AAEON TECHNOLOGY GMBH - Director, AAEON TECHNOLOGY SINGAPORE PTE. LTD. - Director, AAEON Technology Inc. Chairman & corporate representative, AAEON Technology (Suzhou) Inc. Chairman & corporate representative, AAEON Investment Co., Ltd. Chairman & corporate representative, Yan Sin Investment Co., Ltd. - Chairman, AAEON Foundation - Director, Fu Li Investment Co., Ltd. - Chairman, Mcfees Group Inc. - Director, Everfocus Electronics Corp. - Chairman, Allied Biotech Corp. - Director, King Core Electronics Inc. - Director, Atech OEM Inc. - Director, Qiye Electronic (Dongguan) Co., Ltd. - Director, Outstanding Electronics Manufacturer (Danyang) Co., Ltd. - Director, Machvision Inc. Co., Ltd. - Director, Machvision (Dongguan) Corp. - Director, Top Union Electronics (Suzhou) Corp. - Director & corporate representative, Top Union Electronics Corp. - Independent Director, Allied Oriental International Ltd. - Director & corporate representative, Litemax Electronics Inc. - Director, Litemax Technology, Inc. - Director, ONYX Healthcare Inc. - Chairman & corporate representative, Onyx Healthcare (Shanghai) Inc. - Chairman & corporate representative, ONYX Healthcare Europe B.V - Director, ONYX Healthcare USA, Inc. - Director, iHelper Inc. - Director & corporate representative, Winmate Inc. Director & corporate representative, XAC Automation Corp. - Director & corporate representative, CHC Healthcare Group - Director & corporate representative, Sunengine Corporation Ltd. - Director & corporate representative, New Future Capital Director & corporate representative, iBase Technology Inc. - Director & corporate representative, Taiflex Scientific CO., LTD - Independent Director.

Note 2: ONYX HEALTHCARE USA, INC. - Director, ONYX HEALTHCARE EUROPE B.V. - Director & President, Onyx Healthcare (Shanghai) Inc. - Director & President, , Melten Connected Healthcare Inc. - Director.

Note 3: Tien Yu International Technology Consulting Co., Ltd. – Chairman, Excelliance MOS Corporation- Independent Director, InnoStar Asset Management Co., Ltd. – Chairman, NTUT Star Venture Capital Investment Co., Ltd. - Chairman, Zhinan Star Venture Capital Investment Co., Ltd. - Chairman, NTUST Star Venture Capital Investment Co., Ltd. – Chairman, AREC Inc. – Director & corporate representative..

Note 4: Yonghe Investment Co., Ltd. - Chairman , Atech (Yichang) OEM Inc. – Director, LINKENCE TECHNOLOGIES INC.-Director, ACROSSER TECHNOLOGY CO., LTD.-Director.

Note 5: The effective date of the resignation of Director Lee Tsu-Der was January 5, 2023. As there is one vacancy on the Board, an election is planned to take place at the 2023 annual general meeting.

Note 6: Where the company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company):

1. The Company's Chairman is also the General Manager in order to enhance operational efficiency and decision-making capabilities.

2. The Company has set up an Audit Committee composed of entirely independent directors. The Committee fully discusses and makes recommendations for the Board's reference in order to improve the functions of the Board's operations while effectively exerting its supervisory functions.
3. In the future, the number of independent directors may be increased in accordance with law and regulations in order to improve the Board functions and strengthen the supervisory function, implementing corporate governance.

## 2. Major shareholders of corporate shareholders

March 31, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
Jui Hai Investment Co., Ltd.	FU LI INVESTMENT CO., LTD.(49.58%), Hui-Mei, Huang(23.87%), Yung-Shun, Chuang (11.43%), Fu-Chieh, Chuang(7.56%), Fu-Chun, Chuang(7.56%)
AAEON Technology Inc.	ASUSTeK Computer Inc.(29.26%)、IBASE Technology Inc.(27.88%)、Yung-Shun, Chuang(13.15%)、HUA-CHENG VENTURE CAPITAL CORP.(5.59%)、HUA-MIN INVESTMENT CO.,LTD.(5.59%)、Jui Hai Investment Co.,Ltd.(3.02%)、Yu-Ming, Huang(2.83%)、Qingyun Xu (0.99%)、Ying-Chen Li(0.74%)、Zhuang Shuhua Li(0.66%)

Note: The above information was sourced from the Jui Hai Investment Co., Ltd., and AAEON Technology Inc.

## 3. Major shareholders of major corporate shareholders

March 31, 2023

Name of corporate entity	Corporate entity's major shareholders
Fu Li Investment Co., Ltd.	Yung-Shun, Chuang (43.75%), Hui-Mei, Huang (37.49%), Fu-Chieh, Chuang (9.38%), Fu-Chun, Chuang (9.38%)
ASUSTeK Computer Inc.	Jonney Shih (4.05%) Cathay United Bank managed Expert Union Limited Investment account (2.78%) ASUS's Certificate of Depository with CitiBank (Taiwan) (2.65%) Yuanta Taiwan High Dividend Fund Account (1.88%) New Labor Pension Fund (1.88%) Morgan Stanley & Co. International Plc (1.67%) Silchester International Investors International Value Equity Trust 1.49% Fubon Life Insurance Co., Ltd. (1.35%) VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS (1.34%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.22%)
iBase Technology Inc.	AAEON Technology Inc.(31.68%)、Yongfeng Commercial Bank Co., Ltd. is entrusted to keep the special account of Fuhua Small and Medium Selected Securities Investment Trust Fund(2.24%)、The Business Department of Standard Chartered International Commercial Bank is entrusted with the custody of the SPDR (R) Index Equity Fund's SPDR Portfolio Emerging Market ETF Investment Account (1.79%)、Chun Bao Investment Co., Ltd. (1.61%)、WINMATE INC. (1.10%)、Chiu-Hsu, Lin(0.95%)、Yongfeng Commercial Bank Co., Ltd. is entrusted to keep the special account of Fuhua Taiwan Good Yield Securities Investment Trust Fund(0.94%)、Hexin Investment Co., Ltd.(0.93%)、Yongfeng Commercial Bank Co., Ltd. is entrusted to keep the special account of Fuhua Life Target Securities Investment Trust Fund(0.90%)、Zhaofeng International Commercial Bank Co., Ltd. is entrusted to keep the special account of Fuhua Digital Economy Securities Investment Trust Fund(0.88%)
Hua Cheng Venture Capital Corp.	ASUSTeK Computer Inc. (100%)
Hua-Min Investment Co., Ltd.	ASUSTeK Computer Inc. (100%)

Note: The above information was sourced from the ASUSTeK Computer Inc. the Department of Commerce, Ministry of Economic Affairs, and iBase Technology Inc.

4. Disclosure of information as professional qualifications and independent status of directors and independent directors.(5<sup>th</sup> Board)

Name	Professional qualifications and experience	Independent status	Number of positions as independent director in other public companies
Chairman Chuang, Yung-Shun	Possesses five or more years of work experience required for the Company's business; the currently serving as AAEON Technology Inc's chairman as well as the chairman and CEO of the Company; and not been a person of any conditions defined in Article 30 of the Company Law.	<ol style="list-style-type: none"> <li>1. Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party</li> <li>2. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.</li> <li>3. Not a spouse or relative of second degree or closer to any other directors.</li> <li>4. Not elected as a government or corporate representative according to Article 27 of the Company Act .</li> </ol>	1
Director Wang, Feng-Hsiang	Possesses five or more years of work experience required for the Company's business; had once worked the AAEON Technology Inc's vice president. The currently serving as the president of the Company; and not been a person of any conditions defined in Article 30 of the Company Law.	<ol style="list-style-type: none"> <li>1. Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act.</li> <li>2. Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</li> <li>3. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company</li> <li>4. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.</li> <li>5. Not a spouse or relative of second degree or closer to any other directors.</li> <li>6. Not elected as a government or corporate representative according to Article 27 of the Company Act</li> </ol>	None

Name / Qualification	Professional qualifications and experience	Independent status	Number of positions as independent director in other public companies
Director Lin, Chien-Hung	Possesses five or more years of work experience required for the Company's business; had once worked the Advantech Co., Ltd's vice president. The currently serving as the president of the AAEON Technology Inc; and not been a person of any conditions defined in Article 30 of the Company Law.	<ol style="list-style-type: none"> <li>1. Not a director or supervisor of the Company or any of its affiliated companies</li> <li>2. Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.</li> <li>3. Not a manager listed in (1) or (2)., or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel.</li> <li>4. Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</li> <li>5. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.</li> <li>6. Not a spouse or relative of second degree or closer to any other directors.</li> <li>7. Not elected as a government or corporate representative according to Article 27 of the Company Act.</li> </ol>	None
Independent Director Lee, Chih-Hao	With over five years of experience in the business required by the Company; had once worked the Tien Yu International Technology Consulting Co., Ltd. - Chairman; and no non-compliance with any conditions stated in Article 30 of the Company Act.	<ol style="list-style-type: none"> <li>1. Not employed by the Company or by any of its affiliated companies.</li> <li>2. Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).</li> </ol>	1
Independent Director Tseng, Ho-Chun	With over five years of experience in the business required by the Company; had once worked the Yonghe Investment Co., Ltd. - Chairman; and no non-compliance with any conditions stated in Article 30 of the Company Act.	<ol style="list-style-type: none"> <li>3. Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.</li> <li>4. Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).</li> </ol>	None

Name \ Qualification	Professional qualifications and experience	Independent status	Number of positions as independent director in other public companies
Independent Director Liao, Hsiu-Mei	With over five years of experience as a professor of commerce, finance, or other disciplines related to the business required by the Company at a public or private college or university; and work experience in commerce, finance, accounting, or otherwise required by the business of the Company; PhD in Accounting, National Taipei University; current professor of the Department of Accounting, Ming Chuan University; and no non-compliance with any conditions stated in Article 30 of the Company Act.	<p>5. Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act.</p> <p>6. Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</p> <p>7. Does not assume concurrent duty and is not a spouse to the Company's Chairman, President or equivalent role, and is not a director, supervisor or employee of another company or institution.</p> <p>8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company.</p> <p>9. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.</p> <p>10. Not a spouse or relative of second degree or closer to any other directors.</p> <p>11. Not elected as a government or corporate representative according to Article 27 of the Company Act.</p>	None

Note: According to the Rules Governing Review of Securities Listings as well as the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained the statement of independence for each independent director and confirms that all of them meet the independence requirements stipulated by laws and regulations.

5. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional back ground, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passed the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. With regard to the board composition, it is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies including but not limited to the following:

A. Basic conditions and value: gender, age, nationality and culture.

B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

C. Professional knowledge and skills: Ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, ability to make policy decisions.

(2) The current Board of Directors of the Company consists of six directors. The specific management objectives of the board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
At least one female director on the board.	Done
The independent directors shall not hold office for more than 3 terms.	Done

The implementation status of the board diversity policy is as follows:

Core of diversify Name	Basic composition							Professional knowledge and skills														
	Nationality	Gender	Employee	Age			Tenure and seniority of independent		Industry experience					Professional Ability								
				51-60	61-70	71-75	Less than 3 years	3-9 years	Technology	Industry	Finance	Accounting	Marketing	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry.	An international market perspective	Ability to lead	Ability to make policy decisions	
Director Chuang, Yung-Shun	R.O.C.	Male	✓		✓				✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	
Director Wang, Feng-Hsiang		Male	✓	✓					✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	
Director Lin, Chien-Hung		Male		✓					✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Lee, Chih-Hao		Male		✓			✓		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Tseng, Ho-Chun		Male			✓		✓		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Liao, Hsiu-Mei		Female		✓			✓				✓	✓			✓	✓	✓					

(3) Independence of the Board of Directors:

The Board of Directors of the Company consists of six directors, of which three are independent directors and two directors as employee (50% and 33% of all directors), whereas female directors represent 17% of board members. As of 2022 In addition, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 15-17 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors). The Experience (Education), Gender and Work Experience (Please refer to page 11-12 of this Annual Report - Information of directors)



## (II) Background information of the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branch offices

March 28, 2023; unit: shares; %

Position	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
CEO & President	Republic of China	Chuang, Yung-Shun	Male	2018.01.01	2,745,068	8.25%	—	—	—	—	Ph.D. of Engineering (honors), National Taiwan University of Science and Technology AAEON Technology Inc. - Chairman	Details of other concurrent duties (Note 1)	Special assistant to GM	Chuang, Fu-Chung	Father & Son	Note 2
Special assistant to GM	Republic of China	Chuang, Fu-Chung	Male	2023.03.01	172,768	0.52%	—	—	—	—	Bachelor of Electrical Engineering, Cornell University Master of Engineering Management, University of Southern California (USC) Northwestern University Electrical Engineering Master's Program	President of ONYX HEALTHCARE USA, INC. AAEON Technology Inc. - Director	CEO & President	Chuang, Yung-Shun	Father & Son	None
Assistant Vice President of Marketing Division	Republic of China	Chen, Ying-Te	Male	2012.07.13	121,731	0.37%	—	—	—	—	Master of Marketing Hertfordshire University, UK ONYX Healthcare - Assistant Vice President of Marketing Division	None	None	None	None	None
Head of Product R&D Division	Republic of China	Chao, Hsing-Kuo	Male	2010.03.01	34,599	0.10%	—	—	—	—	MBA, National Chengchi University ONYX Healthcare - Head of R&D Division AAEON Technology - Manager of R&D Bicom Technology - Product Section Chief	None	None	None	None	None
Head of Accounting	Republic of China	Yang, Hsiang-Chih	Female	2015.04.27	10,107	0.03%	—	—	—	—	Postgraduate Institute of Finance, National Taiwan University Litemax Electronics - Head of Accounting	None	None	None	None	None

Note 1: AAEON Electronics Inc. - Director, AEON TECHNOLOGY (Europe) B.V. - Director, AEON TECHNOLOGY GMBH - Director, AEON TECHNOLOGY SINGAPORE PTE. LTD. - Director, AAEON Technology Inc. Chairman & corporate representative, AAEON Technology (Suzhou) Inc. Chairman & corporate representative, AAEON Investment Co., Ltd. Chairman & corporate representative, Yan Sin Investment Co., Ltd. - Chairman, AAEON Foundation - Director, Fu Li Investment Co., Ltd. - Chairman, Mcfees Group Inc. - Director, Everfocus Electronics Corp. - Chairman, Allied Biotech Corp. - Director, King Core Electronics Inc. - Director, Atech OEM Inc. - Director, Qiye Electronic (Dongguan) Co., Ltd. - Director, Outstanding Electronics Manufacturer (Danyang) Co., Ltd. - Director, Machvision Inc. Co., Ltd. - Director, Machvision (Dongguan) Corp. - Director, Top Union Electronics (Suzhou) Corp. - Director & corporate representative, Top Union Electronics Corp. - Independent Director, Allied Oriental International Ltd. - Director & corporate representative, Litemax Electronics Inc. - Director, Litemax Technology, Inc. - Director, ONYX Healthcare Inc. - Chairman & corporate representative, Onyx Healthcare (Shanghai) Inc. - Chairman & corporate representative, ONYX Healthcare Europe B.V - Director, ONYX Healthcare USA, Inc. - Director, iHelper Inc. - Director & corporate representative, Winmate Inc. Director & corporate representative, XAC Automation Corp. - Director & corporate representative, CHC Healthcare Group - Director & corporate representative, Sunengine Corporation Ltd. - Director & corporate representative, New Future Capital Director & corporate representative, iBase Technology Inc. - Director & corporate representative, Taiflex Scientific CO., LTD - Independent Director.

Note 2: Where the company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company):

1. The Company's Chairman is also the General Manager in order to enhance operational efficiency and decision-making capabilities.
2. The Company has set up an Audit Committee composed of entirely independent directors. The Committee fully discusses and makes recommendations for the Board's reference in order to improve the functions of the Board's operations while effectively exerting its supervisory functions.
3. In the future, the number of independent directors may be increased in accordance with law and regulations in order to improve the Board functions and strengthen the supervisory function, implementing corporate governance.

III. Compensation to directors, supervisors, the President, and Vice Presidents in the latest year

(I) Compensation to non-independent and independent directors (aggregate disclosure of directors' names and range of remuneration)

2022 NTD thousands

Position	Name	Director compensation								Sum of A, B, C, and D as a percentage of net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income		Remuneration from ventures other than subsidiaries or from the parent company
		Compensation (A)		Pension (B)		Director remuneration (C) (Note 2)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Director	Jui Hai Investment Co., Ltd.																					
	AAEON Technology Inc.																					
Representative of corporate director	Chuang, Yung-Shun	—	—	—	—	2,400	2,400	42	42	1.2%	1.2%	5,873	5,873	108	108	980	—	980	—	4.63%	4.63%	18.297
	Wang, Feng-Hsiang																					
	Lin, Chien-Hung																					
Director	Lee, Tsu-Der (Released of duty)																					
Independent Director	Chiang, Po-Wen (Released of duty)																					
	Tai, Yi-Hui (Released of duty)																					
	Lee, San-Liang (Released of duty)	1,357	1,357	—	—	—	—	248	248	0.79%	0.79%	—	—	—	—	—	—	—	—	1.28%	1.28%	—
	Lee, Chih-Hao																					
	Tseng, Ho-Chun																					
	Liao, Hsiu-Mei																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:  
The remuneration of the Company's independent directors is determined by the Articles of Incorporation or resolutions of the Shareholders Meeting. Different but reasonable remuneration from that of other directors may be set forth for the independent directors. The remuneration of independent directors may be a fixed monthly payment at the discretion of the relevant regulatory procedures. The remuneration of independent directors may not participate in the Company's earnings distribution.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements and reinvestment companies in the most recent year to compensate directors for their services, such as being independent contractors: None.

Note 1: Net income attributable to parent company shareholders in 2022 amounted to NT\$202,963 thousand.

Note 2: 2022 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

### Compensation bracket table

Range of compensation paid to directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements (Note 1)
Below NT\$ 1,000,000	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Chuang, Yung-Shun, Wang, Feng-Hsiang, Lin, Chien-Hung, Lee, Tsu-Der, Chiang, Po-Wen, Tai, Yi-Hui, Lee, San-Liang, Lee, Chih-Hao Tseng, Ho-Chun, ,Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Chuang, Yung-Shun, Wang, Feng-Hsiang, Lin, Chien-Hung, Lee, Tsu-Der, Chiang, Po-Wen, Tai, Yi-Hui, Lee, San-Liang, Chih-Hao Tseng, Ho-Chun, ,Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Lin, Chien-Hung, Lee, Tsu-Der, Chiang, Po-Wen, Tai, Yi-Hui, Lee, San-Liang, Chih-Hao Tseng, Ho-Chun, ,Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Lin, Chien-Hung, Lee, Tsu- Der, Chiang, Po-Wen, Tai, Yi- Hui, Lee, San-Liang, Chih- Hao Tseng, Ho-Chun, ,Liao, Hsiu-Mei
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	—	—	—	—
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	—	—	Chuang, Yung-Shun	Chuang, Yung-Shun
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	—	—	Wang, Feng-Hsiang	Wang, Feng-Hsiang
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	—	—	—	—
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	—	—	—	—
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	12	12	12	12

Note 1: Included Compensation from invested businesses other than subsidiaries

(II) Supervisors' compensation: The Company has assembled an Audit Committee to replace supervisors.

(III) Compensation to the President and vice presidents

2022 Unit: NTD thousands

Position	Name	Salary (A)		Pension (B)		Bonuses and allowances (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a percentage of net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Chuang, Yung-Shun	4,107	4,107	108	108	1,766	1,766	980	—	980	—	5.46%	5.46%	9,064
President	Wang, Feng-Hsiang(Note 3)													

Note 1: Net income attributable to parent company shareholders in 2022 amounted to NT\$202,963 thousands.

Note 2: 2022 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

Note 3: On March 1, 2023, Mr. Wang Feng-Hsiang was transferred to serve as the Senior Consultant of the General Manager's Office.

#### Compensation bracket table

President's and vice presidents' compensation brackets	Name of director	
	The Company	All companies included in the financial statements (Note 1)
Below NT\$ 1,000,000	—	—
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	—	—
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	Chuang, Yung-Shun,	Chuang, Yung-Shun,
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	Wang, Feng-Hsiang	Wang, Feng-Hsiang
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	—	—
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	—	—
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	—	—
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	—	—
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	—	—
NT\$ 100,000,000 and above	—	—
Total	2	2

Note 1: Included Compensation from invested businesses other than subsidiaries

(IV) Names of managers entitled to employee remuneration and amount entitled

2022 Unit: NTD thousands

	Position	Name	Amount paid in shares (Note 2)	Amount paid in cash (Note 2)	Total	Total as a percentage of net income (%)
Managers	CEO	Chuang, Yung-Shun	—	3,050	3,050	1.05%
	President	Wang, Feng-Hsiang (Note 3)				
	Assistant Vice President	Lin, Huang-Pao (Note 3)				
	Assistant Vice President of Marketing Division	Chen, Ying-Te				
	Division Head	Chao, Hsing-Kuo				
	Head of Accounting	Yang, Hsiang-Chih				

Note 1: Net income attributable to parent company shareholders in 2022 amounted to NT\$202,963 thousands.

Note 2: 2022 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

Note 3: On March 1, 2023, Mr. Wang Feng-Hsiang was transferred to serve as the Senior Consultant of the General Manager's Office. On October 1, 2022, Mr. Lin Huang-Pao's resignation became effective.

(V) Amount of remuneration paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and vice presidents, and their respective percentages to standalone or individual net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks

1. Compensation paid to the Company's directors, supervisors, President and vice presidents in the last 2 years, and percentages relative to standalone or consolidated net income

Unit: NTD thousands, %

Item	2021		2022	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total director compensation	4,074	4,074	4,047	4,047
Total director compensation as a percentage of net income	3.19%	3.19%	1.99%	1.99%
Total supervisor compensation (Note 1)	Not applicable	Not applicable	Not applicable	Not applicable
Total supervisor compensation as a percentage of net income	Not applicable	Not applicable	Not applicable	Not applicable
Total compensation to the President and vice presidents	7,015	7,015	6,961	6,961
Total compensation to the President and vice presidents as a percentage of net income	5.50%	5.50%	3.43%	3.43%

Note 1: The Company assembled an Audit Committee to replace supervisors in 2016, hence not applicable.

Note 2: Net income attributable to parent company shareholders in 2021 & 2022 amounted to NT\$127,551 thousands & NT\$202,963 thousands.

2. Compensation policies, standards, packages and procedures, and association with future risks and business performance
  - (1) Compensation policy, standards, packages and procedures for determining compensation

#### A. Directors

According to the Articles of Incorporation, the Company may authorize the board of directors to compensate directors for the services rendered based on their involvements and contributions to the Company's operations, in reference to local and foreign peer levels. The Articles of Incorporation also caps director remuneration at 3% of annual profit. Principles for payment of director remuneration:

- a. The Company may compensate independent directors with monthly fixed payments regardless of profitability, based on individual participation and contribution to the Company's operations.
- b. Independent directors of the Company are not entitled to director remuneration or any other form of profit-sharing besides monthly fixed compensations. For non-independent directors, the Remuneration Committee will recommend the method and amount of remuneration after

considering the board's overall performance and the Company's business performance and raising the proposal for board of directors' resolution.

Compensation for the President and vice presidents includes salary, bonus and employee remuneration. Salary and bonus are determined based on job role, the responsibilities undertaken, contributions to the Company and peer levels. Employee remuneration is determined according to Articles of Incorporation, which is subject to board of directors' approval and acknowledgment at shareholder meeting.

(2) Association with business performance and future risks

Director and manager compensations are determined according to the Company's "Board of Directors Performance Evaluation Policy" and "Director and Manager Salary, Compensation and Performance Assessment Policy" after taking into consideration relevant factors such as corporate performance, industry risks and trends, individual performance and accomplishment, and contribution to corporate performance. Performance assessment and compensation are subject to review of the Remuneration Committee and resolution by the board of directors. The Company will continue reviewing and adjusting its compensation system to ensure conformity with actual practice and relevant laws, and in doing so maintain proper balance between business continuity and risk exposure. In summary, the Company's compensation policies and procedures for directors, President and vice presidents have been designed to promote positive business performance.



IV. Corporate governance

(I) Functionality of the board of directors

A total of 8 board meetings (A) were held in the last year (2022); below are directors' attendance records:

Position	Name	Attendance in person (B)	Proxy attendance	In-person attendance rate (%) (B/A)	Remarks
Chairman	Chuang, Yung-Shun	8	0	100	
Director	Wang, Feng-Hsiang	8	0	100	
Director	Lin, Chien-Hung	8	0	100	
Director	Lee, Tsu-Der	7	1	88	
Independent Director	Chiang, Po-Wen	4	0	100	Stepped down after the annual general meeting held on May 31, 2022, 4 meetings were held during the term.
Independent Director	Tai, Yi-Hui	4	0	100	
Independent Director	Lee, San-Liang	4	0	100	
Independent Director	Lee, Chih-Hao	4	0	100	Elected at the annual general meeting held on May 31, 2022, 4 meetings were held during the term.
Independent Director	Tseng, Ho-Chun	3	1	75	
Independent Director	Liao, Hsiu-Mei	4	0	100	

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions

(I) Conditions described in Article 14-3 of the Securities and Exchange Act:

Board of directors meeting	Motion	Independent directors' opinions	Company's response to independent directors' opinions	Outcome of resolution
17th meeting of the 4th board	Motion for setting the issue price of capital increase by cash for 2022	None	None	Except for stakeholders that had recused from resolution, the motion was passed as

2022/1/25	Motion for formulation of procedures for employee stock options for cash capital increase			proposed by all remaining directors. See section II. for detailed description.
	Motion for the list of stock options for 2022 cash capital increase			
18th meeting of the 4th board 2022/2/24	Allocation of 2021 employee and director remuneration	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Partial Amendments to " Asset Acquisition and Disposal Procedures "			
	Release of new directors from non-competition restrictions			
	Motion for appointment of CPAs			
	2022 incentive bonus for non-sales employees			
	2022 manager salary adjustment proposal			
19th meeting of the 4th board 2022/4/14	Donation to AAEON Foundation	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
1th meeting of the 5th board 2022/5/31	Motion for appointment of Remuneration Committee members	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
2th meeting of the 5th board 2022/8/2	Amendments to "Internal Control System" and Internal Audit System" of the Company and subsidiary – ONI	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Allocation of 2021 director remuneration			
	Allocation of 2021 employee remuneration for managers			
	Motion for distribution of bonuses to managers for 2022			
4th meeting of the 5th board 2022/12/22	Distribution of 2022 managers' year-end bonus	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.

(II) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process

Date	Motion	Name of director	Reasons for avoiding conflict of interest	Participation in voting process
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17th meeting of the 4th board 2022/1/25	Motion for the list of stock options for 2022 cash capital increase	Chuang, Yung-Shun, Wang, Feng-Hsiang,	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
18th meeting of the 4th board 2022/2/24	Release of new directors from non-competition restrictions	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der had recused from resolution and did not participate in the vote.
	Motion for appointment of president	Chuang, Yung-Shun,	Chuang, Yung-Shun, held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun, had recused from resolution and did not participate in the vote.
	2022 incentive bonus for non-sales employees	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
	2022 manager salary adjustment proposal	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
19th meeting of the 4th board 2022/4/14	Donation to AAEON Foundation	Chuang, Yung-Shun and Lee, Tsu-Der	Chuang, Yung-Shun and Lee, Tsu-Der held stake in the discussed motion	Directors Chuang, Yung-Shun and Lee, Tsu-Der had recused according to law and did not participate in the vote
1th meeting of the 5th board 2022/5/31	Motion for appointment of Remuneration Committee members	Lee, Chih-Hao Tseng, Ho-Chung and Liao, Hsiu-Mei	Lee, Chih-Hao Tseng, Ho-Chung and Liao, Hsiu-Mei held stake in the discussed motion	Directors Lee, Chih-Hao Tseng, Ho-Chung and Liao, Hsiu-Mei had recused according to law and did not participate in the vote

2th meeting of the 5th board 2022/8/2	Allocation of 2021 director remuneration	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lee, Tsu-Der had recused from resolution and did not participate in the vote.
	Allocation of 2021 employee remuneration for managers	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
	Motion for distribution of bonuses to managers for 2022	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
4th meeting of the 5th board 2022/12/22	Distribution of 2022 managers' year-end bonus	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote

III. Execution of board of directors self evaluation:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year External assessments every three years.	Performance for the period from January 1, 2022 to December 31, 2022 was assessed	The scope covers the evaluation of the Board, individual members of the Board and functional committees.	Self-evaluation of Board members.	Including evaluation of the performance of the Board, evaluation of the performance of individual Board members and evaluation of the performance of functional committees. Items to be evaluated are as follows.

- Note: 1. The self-evaluation of the Board includes the following aspects: Participation in the operation of the Company; Improvement of quality of the Board of Directors' decision making; Composition and structure of the Board of Directors; Election and continuing education of the directors; and Internal control.
2. The self-evaluation of the members of the Board includes the following aspects: Alignment of the goals and missions of the Company; Awareness of the duties of a director; Participation in the operation of the Company; Management of internal

relationships and communication; The director's professionalism and continuing education; and Internal control.

3. The self-evaluation of the functional committees includes the following aspects: Participation in the operation of the Company; Awareness of the duties of the functional committee; Improvement of quality of decisions made by the functional committee; Makeup of the functional committee and election of its members; and Internal control.

IV. Enhancements to the functionality of board of directors in the current and most recent year, and progress of such enhancements:

1. The Company has convened board meetings according to "Board of Directors Conference Rules."
2. The Company has independent directors and Audit Committee in place to enhance board of directors' corporate governance capacity. They exercise supervision over the board according to "Independent Directors Responsibility Principles."
3. The Company has assembled a Remuneration Committee to assist the board of directors in assessing and implementing compensation and welfare systems within the Company, and to perform regular reviews on whether directors and managers are appropriately compensated.
4. The Company makes arrangements to have directors undergo professional training, which helps support core value and maintain professional capacity.
5. The Company has assigned dedicated personnel to disclose information, update the Company's website and continually improve information transparency.
6. The Company evaluates board performance as a way to enforce sound corporate governance and strengthen the board's governance capacity. The most recent performance evaluation was conducted in accordance with Board of Directors Performance Evaluation Policy at the end of Jan. 2023, which concluded a rating of "Excellent."

(II) Involvement of Audit Committee members and supervisors in board of directors meetings

1. Functionality of the Audit Committee

A total of 7 (A) Audit Committee meetings were held in the last year (2022); independent directors' attendance records are summarized below:

Position	Name	In-person attendance count (B)	Proxy attendance count	Percentage of in-person attendance (%) (B/A)	Remarks
Independent Director	Chiang, Po-Wen	4	0	100	Stepped down after the annual general meeting held on May 31, 2022, 4 meetings were held during the term.
Independent Director	Tai, Yi-Hui	4	0	100	
Independent Director	Lee, San-Liang	4	0	100	

Independent Director	Lee, Chih-Hao	3	0	100	Elected at the annual general meeting held on May 31, 2022, 3 meetings were held during the term.
Independent Director	Tseng, Ho-Chun	3	0	100	
Independent Director	Liao, Hsiu-Mei	2	1	67	

Other mandatory disclosures:

I. If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Motion	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	Independent director's opinions or objections	Board's response to Audit Committees' opinions
13th meeting of the 4th committee 2022/1/25	Motion for setting the issue price of capital increase by cash for 2022	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
14th meeting of the 4th committee 2022/2/24	2021 year-end accounts.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Passed 2021 Declaration of Internal Control System	✓			
	Partial Amendments to " Asset Acquisition and Disposal Procedures "	✓			
	Independence and performance assessment for the financial statement auditor.	✓			
	Motion for appointment of CPAs.	✓			
	Release of new directors from non-competition restrictions	✓			
15th meeting of the 4th committee 2022/4/14	Donation to AAEON Foundation	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors

16th meeting of the 4th committee 2022/5/3	Passed 2022 1st quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
1th meeting of the 5th committee 2022/8/2	Passed 2022 2nd quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Amendments to "Internal Control System and Internal Audit System" of the Company and subsidiary-ONI.	✓			
2th meeting of the 5th committee 2022/11/1	Passed 2022 3rd quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
3th meeting of the 5th committee 2022/12/22	2023 audit plan of the Company and subsidiaries.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Avoidance of conflicting-interest motions by independent directors: No such occurrence was observed during the year.

III. Communication between independent directors and internal/external auditors

1. Independent directors are provided with regular audit reports, whereas the chief internal auditor is required to make reports on audit tasks during Audit Committee and board of directors meetings. Overall, both the progress and effectiveness of audit tasks are deemed to have been adequately communicated. Each year independent directors hold at least one meeting with the CPAs and chief internal auditor. In FY 2022, the meeting was held on February 22, 2022.

2. CPAs would communicate with independent directors in writing or in person about issues concerning audit or review of the Company's financial statements.

IV. Purposes of the Audit Committee are to support proper corporate governance, supervision and management practices within the Company. Responsibilities of the Audit Committee mainly include:

1. Establishment or amendment of the internal control system according to rules.

2. Evaluation over the effectiveness of internal control system.
3. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial consequences according to rules.
4. Matters concerning directors' personal interests.
5. Major transaction of assets or derivatives.
6. Major lending, endorsement or guarantee to an external party.
7. Offering, issuance, or private placement of securities with equity characteristics.
8. Appointment, dismissal, or compensation of financial statement auditors.
9. Appointment and dismissal of finance, accounting, or internal audit officers.
10. Annual and semi-annual financial reports.
11. Other issues deemed material by the Company or the authority.

2. Supervisors' involvement in board of directors meetings

The Company assembled an Audit Committee to replace supervisors in 2016, hence not applicable.



(III) Corporate governance, and deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company's "Corporate Governance Code of Conduct" was first passed by the board of directors on June 13, 2016 and subsequently the last revised on 24 Feb. 2022. The code of conduct has been disclosed and made accessible to shareholders on Market Observation Post System (MOPS) and the corporate website.	No material deviation is found.
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(I) The company has appointed a spokesperson and an acting spokesperson to handle shareholders' suggestions and disputes. (II) The Company is constantly informed of the shareholding position of its directors, managers and major shareholders with more than 10% ownership interest, and reports this information to the authority in a timely manner. (III) All dealings between the Company and affiliated companies are carried out according to "Transaction Procedures for Affiliated Enterprises, Specific Companies and Related Parties." (IV) The Company has implemented "Insider Trading Prevention Policy" to prevent insider trading. Each year we arrange at least one session of awareness education on the relevant insider laws and regulations and Insider Trading Prevention for	No material deviation is found.

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			directors, officers, and all employees. Additionally, the HR unit arranges pre-service e-learning courses and efficacy assessments for new employees. During October 03-21, 2022, awareness education was implemented through e-learning and an online efficacy assessment was conducted for all employees to ensure insider trading prevention. Each training and assessment lasted for one hour to test a total of 97 persons with an achievement rate of 100%. The pass rate was 100% (pass score=100 marks).	
<p>III. Assembly and obligations of the board of directors</p> <p>(I) Has the Board of Directors drawn up and implemented a diversity policy on the composition of its members?</p> <p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p> <p>(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly</p>	✓		<p>(I) The Company has implemented " Corporate Governance Code of Conduct ". Board members are chosen from different areas of expertise to accommodate the Company's functional, operational and growth requirements. Please refer to page 19 for the accomplishment of Board diversity.</p> <p>(II) The Company assembled its Remuneration Committee and Audit Committee in 2016, and will introduce other functional committees at appropriate times depending on operational growth and requirements of the authority.</p> <p>(III) The Company's Board of Directors Performance Evaluation Policy was passed during the board meeting held on December 20, 2016. Under this</p>	No material deviation is found .

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration and nomination decisions?			<p>policy, the board of directors is required to conduct internal performance assessments at least once a year at the end of each year, and external assessments at least once every three years.</p> <p>1. Internal assessment: Performance assessment of the board of directors covers at least the six main aspects below: I.Participation in the operation of the company; II.Improvement of the quality of the board of directors' decision making; III.Composition and structure of the board of directors; IV. Election and ongoing education of directors. V.Internal control. Directors' individual performance (self or peer) assessment shall cover at least the following six main aspects: I.Alignment of the goals and mission of the company; II.Awareness of the duties of a director; III.Participation in the operation of the company; IV.Management of internal relationship and communication; V.The director's professionalism and continuing education; and VI.Internal control.</p>	

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Are external auditors' independence assessed on a regular basis?			<p>The most recent internal assessment was completed at the end of January 2023, and the outcome was reported at the board meeting held on February 24, 2023:</p> <p>Board member self-assessment: Rated "Excellent" with an average score of 4.85</p> <p>Board member (self or peer) assessment: Rated "Excellent" with an average score of 4.93</p> <p>Overall rating of board members: A</p> <p>2. External assessment:</p> <p>In December 2021, the Company engaged Chainye Management consultancy Co., Ltd. to conduct the 2021 performance evaluation of the Board of Directors in terms of decision-making performance, professional competencies, control over internal operations, and attitude towards CSR. The evaluation was carried out through a combination of a questionnaire (including evaluation and opinion survey) and on-site interview. The result was excellent. This outcome was reported to the board of directors on December 17, 2021 to serve as reference for further enhancements to board capacity.</p> <p>(IV) Financial statement auditors' independence is assessed by the Finance Department and Audit Office on a yearly basis. Outcome of current year's assessment had already been reported to</p>	

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			the Audit Committee and the board of directors on February 21, 2023. According to the assessment, CPA Lin, Chun-Yao and CPA Weng, Shih-Jung of PwC Taiwan have met the Company's independence criteria (Note 2).	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		<p>The Company has assembled a corporate governance task force spearheaded by the Chairman, and assigned the Resource &amp; Service Division the concurrent duty to assist directors in corporate governance-related matters such as compliance, preparation of required materials, and convention of board/shareholder meetings.</p> <p>The following tasks were performed throughout 2022:</p> <ol style="list-style-type: none"> <li>1. Notification, agenda and motion materials were prepared and distributed to directors 7 days before each meeting.</li> <li>2. Shareholder meeting-related affairs were completed according to laws, whereas conference manuals, annual reports and minutes were prepared within due dates. Changes to Articles of Incorporation were completed as resolved and registered with the authority.</li> <li>3. Assisted board of directors and shareholders with meeting procedures, resolution and compliance issues: <ol style="list-style-type: none"> <li>(1) Verify whether convention of board meeting and shareholder meeting are compliant with laws.</li> <li>(2) Check compliance and accuracy of announcements such as major board resolutions and material</li> </ol> </li> </ol>	No material deviation is found.

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			<p>information, and thereby ensure information symmetry for investors.</p> <p>4. Assisted directors and independent directors by providing them with the information needed to perform duties and made training arrangements:</p> <p>(1) Meetings were arranged for independent directors to communicate and discuss with chief internal auditor and financial statement auditor about financial and audit-related issues.</p> <p>(2) Training courses were arranged for directors based on their education/career background and nature of the Company's industry.</p>	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has a spokesperson and acting spokesperson available. Their contact details have been disclosed on MOPS, whereas access to spokesperson's mailbox and complaint mailbox has been made available in the stakeholders section of the Company's website to facilitate communication with stakeholders. The Company also has communication channels available for employees to express opinions in writing and via e-mail.	No material deviation is found.
VI. Does the Company engage a share service agency to handle shareholder meeting affairs?	✓		The Company has engaged Share Transfer Agency Department of Taishin Securities Co., Ltd. The effective date of the division.	No material deviation is found

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>VII. Information disclosure</p> <p>(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?</p> <p>(II) Has the Company adopted other means to disclose information (e.g., English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?</p> <p>(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?</p>	✓		<p>(I) A dedicated section has been created on the Company's website to disclose financial, business and corporate governance information to investors.</p> <p>(II) The Company has assigned dedicated personnel to maintain and update information published on MOPS and website (Chinese and English). In addition to making monthly announcements of consolidated revenue, the Company hosts regular investor seminars and discloses seminar information on website for improved transparency.</p> <p>(III) The Company publishes and files annual financial report within two months after the end of an accounting period, and publishes/files Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates.</p>	No material deviation is found.
<p>VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy,</p>	✓		<p>1. The Company has long devoted attention to caring for employees' rights and well-being. An Employee Welfare Committee was created for this reason to oversee matters including Labor Insurance/National Health Insurance coverage, pension contribution, regular health checkup, on-job training and safety in the work environment.</p>	No material deviation is found.

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
and insuring against liabilities of company directors and supervisors)?			<p>2. The Company maintains productive, long-term relationship with all of its suppliers.</p> <p>3. The Company has created a stakeholder section on its website to disclose corporate governance and financial information; furthermore, complaint channels have been implemented to facilitate communication with investors and stakeholders.</p> <p>4. Directors' education: Directors' education in 2022 was arranged in compliance with "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies." Refer to Note 3 for training details.</p> <p>5. The Company has assembled a risk response panel under the Audit Committee that is responsible for execution of risk management tasks.</p> <p>6. The Company has purchased insurance policy to protect itself against directors' liability. The sum assured in 2022 totaled US\$5 million and the coverage remained valid as of the publication date of annual report. The Company expects to renew the policy before it expires in June 2023, and will report progress in the upcoming board of directors meeting.</p>	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:				
Improvements completed for the Corporate Governance Evaluation				
Question No.	Indicator	Improvement method		



Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
2.22			Has the Company established a set of board-approved risk management policies and procedures and made detailed disclosures on the scope, framework, and execution of risk management practices?	The issue will be prioritized for improvements.
3.6			Has the company disclosed its interim financial report in English within two months after the deadline for filing its interim financial report in Chinese?	Disclosed this year
4.6			Has the company's annual report disclosed a specific and clear dividend policy?	Disclosed this year
4.6			Has the company taken into account the international human rights conventions when formulating its human rights protection policy and specific management plan; have these been disclosed on the company website or annual report?	The issue will be prioritized for improvements.

Note 1: Always provide explanations in the summary description column, regardless of whether there are any deviations from the best practice principles.

Note 2:

Assessment indicators	Compliance of independence
1. CPAs were reappointed at least once every 7 years as of the most recent audit.	Yes
2. CPAs did not have any major financial dealing with their clients.	Yes
3. CPAs were free of any inappropriate relationship with their clients.	Yes
4. CPAs have instructed their assistants to be honest, fair and independent.	Yes
5. CPAs did not audit financial statements of companies they were formerly employed under during the two years prior to practice.	Yes

6. CPAs did not allow others to perform service in their names.	Yes
7. CPAs did not hold shares in the Company and affiliated enterprises.	Yes
8. CPAs did not engage the Company or affiliated enterprises in any borrowing/lending arrangement.	Yes
9. CPAs did not engage the Company or affiliated enterprises in any joint investment or profit-sharing arrangement.	Yes
10. CPAs were not concurrently involved in routine work activities within the Company or affiliated enterprises, and neither were they paid fixed salaries by the Company or affiliated enterprises.	Yes
11. CPAs were not involved in decision-making or administrative duties within the Company or affiliated enterprises.	Yes
12. CPAs did not run any other businesses concurrently that may compromise their independence.	Yes
13. CPAs were not related to the Company's management personnel, in any relationship characterized as spouse, direct blood relative, relative by affinity, or relative of 4th degree or closer.	Yes
14. CPAs did not receive any commission relating to their service.	Yes
15. CPAs have not been penalized or exhibited any conduct that contradicts the independence principles to date	Yes

Note 3:

Position	Name	Date	Organizer	Course name	Hours
Chairman	Chuang, Yung-Shun	2022/3/10	Taiwan Stock Exchange	International Perspectives on Independent Directors and the 2022 Shareholders' Meeting	1
		2022/4/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for a Sustainable 2030	3
		2022/5/23	Taiwan Corporate Governance Association	What Investors Are Thinking - From ESG Investment and Financing to Corporate Sustainability Transformation	3
Director & President	Wang, Feng-Hsiang	2022/3/9	Taiwan Institute of Directors	Under New Reality - Reactivation - Seeing New Digital Taiwan	3
		2022/4/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for a Sustainable 2030	3
Director	Lin, Chien-Hung	2022/3/9	Taiwan Corporate Governance Association	Under New Reality - Reactivation - Seeing New Digital Taiwan	3
		2022/10/25	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
Director	Lee, Tsu-Te	2022/7/14	Securities and Futures Institute	Risks and Opportunities of Climate Change and Zero Emission Policies on Corporate Management	3
		2022/10/13	Securities and Futures Institute	Introduction to Disputes Over the Management Rights of Companies and the Commercial Case Adjudication Act	3
Independent Director	Lee, Chih-Hao	2022/3/9	Taiwan Corporate Governance Association	Under New Reality - Reactivation - Seeing New Digital Taiwan	3

		2022/6/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
Independent Director	Tseng, Ho-Chun	2022/7/27	Taipei Exchange	Sustainable Development Roadmap and Industry Themed Seminar	2
		2022/8/25	Taipei Exchange	Insider Shareholding Seminar for TPEX and TPEX Listed Companies	3
		2022/9/29	Taipei Exchange	Release of Guidelines on the Exercise of Powers and Functions by Independent Directors and the Audit Committee, and Director and Supervisor Briefing	3
Independent Director	Liao, Hsiu-Mei	2022/7/8	The Institute of Internal Auditors, R.O.C.	Regulatory Analysis and Audit Focus for Board of Directors and Functional Committees (Audit, Remuneration)	6
		2022/8/8	Accounting Research and Development Foundation	Compliance Audit Practices for Corporate Audit Committee Operations	6

(IV) Composition, responsibilities, and functionality of the Remuneration Committee

1. Composition and duties of the Remuneration Committee

(1) Composition of the committee:

The Committee consists of three members selected by the board of directors; one of whom is appointed as the convener.

Members of the committee are required to satisfy the professional backgrounds and independence criteria mentioned in Article 5-1 of the foundation principles.

(2) Responsibilities of the committee:

The committee shall exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors; however, recommendations for supervisor compensation are referred to the board of directors for discussion, and are determined either according to the terms of the Articles of Incorporation or by the board of directors under shareholders' authorization sought in a shareholder meeting:

- A. Conduct regular review of this policy and raise amendment suggestions.
- B. Establish and review regularly the annual and long-term performance targets outlined for the Company's directors, supervisors and managers, and the policies, systems, standards, and structures of their compensation.
- C. Evaluate on a regular basis the accomplishment of performance targets by the Company's directors, supervisors and managers, and determine the details and amounts of individual compensation.

The committee shall perform the abovementioned duties in accordance with the following principles:

- A. Ensure that the Company's compensation arrangements comply with all relevant laws and are capable of attracting top talents.
- B. Directors', supervisors' and managers' performance shall be compensated in reference to peer level after taking into consideration the amount of time invested, the responsibilities undertaken, accomplishment of personal target, performance in other duties, compensation granted to employees of equivalent role in recent years, accomplishment of the Company's short-term and long-term goals, corporate financial position, individual performance relative to corporate performance, and association with future risks.
- C. The compensation shall not entice directors and managers into seeking high returns by acting outside the Company's risk

appetite.

- D. Short-term performance bonuses to directors and senior executives and the timing of variable salary payments/compensations shall be set according to industry characteristics and the Company's business nature.
- E. Committee members cannot discuss or vote on their own salary/compensation packages.

## 2. Members of the Remuneration Committee

Designation (Note 1)	Criteria Name	Professional qualifications and experience	Independent status	Number of positions as Remuneration Committee member in other public companies
Independent Director	Lee, Chih-Hao	Please refer to 4. Disclosure of information on professional qualifications of directors and independence of independent directors on pages 16-17 for the relevant content.	<p>(1)Not employed by the Company or any of its affiliated companies.</p> <p>(2)Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).</p> <p>(3)Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.</p> <p>(4)Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).</p> <p>(5)Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27</p>	0

Independent Director	Tseng, Ho-Chun		<p>of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws)</p> <p>(6)Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).</p> <p>(7)Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisor or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).</p> <p>(8)Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).</p> <p>(9)Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.</p> <p>(10)Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0
Independent Director	Liao, Hsiu-Mei		<p>(6)Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).</p> <p>(7)Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisor or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).</p> <p>(8)Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).</p> <p>(9)Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&amp;A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.</p> <p>(10)Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	1

Note 1: Please specify director, independent director or others.

Note 2: Members who meet the following conditions at any time during active duty and two years prior to the date of appointment will have a “✓” placed in the corresponding boxes.

### 3. Functionality of the Remuneration Committee

(1)The Company's Remuneration Committee consists of 3 members.

(2)Term of service of the current (3rd) committee commenced May 29, 2019 and ends on May 28, 2022. The Remuneration Committee held 3 meetings (A) in the last year (2021). Attendance records of committee members are as follows:

Position	Name	No. of in-person attendance (B)	Proxy attendance	Percentage of in-person attendance (%) (B/A)(Note)	Remarks
Convener	Chiang, Po-Wen	2	0	100%	Stepped down after the annual general meeting held on May 31, 2022, 2 meetings were held during the term.
Member	Tai, Yi-Hui	2	0	100%	
Member	Lee, San-Liang	2	0	100%	
Convener	Lee, Chih-Hao	2	0	100%	Elected at the annual general meeting held on May 31, 2022, 2 meetings were held during the term.
Member	Tseng, Ho-Chun	2	0	100%	
Member	Liao, Hsiu-Mei	1	1	50%	

Other mandatory disclosures:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals: None

Remuneration Committee	Agenda and subsequent actions	Outcome of resolution	Company's response to Remuneration Committee's opinions



9rd meeting of the 3rd committee 2022/1/25	Motion for formulation of procedures for employee stock options for cash capital increase.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	Motion for recommendation of the number of shares to be subscribed by the managers for the cash capital increase for 2022.		
10th meeting of the 3rd committee 2022/2/24	Allocation of 2021 employee and director remuneration. 2022 incentive bonus for non-sales employees. 2022 manager salary adjustment proposal.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
1th meeting of the 4rd committee 2022/8/2	Proposed allocation of 2021 director remuneration. Proposed allocation of 2021 employee remuneration for managers. Motion for distribution of bonuses to managers for 2022.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
2th meeting of the 4rd committee 2022/12/22	Distribution of 2022 managers' year-end bonus.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members

II. Should any committee member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.

(V)Implementation of sustainable development and differences/reasons between market-listed and public limited company’s Code of Practice on Sustainable Development:

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		The Company has assembled a CSR Committee; the role of convener/chairperson is assumed by the Chairman, whereas the remaining committee members comprise the President and senior managers from various departments. The committee convenes regular as well as ad-hoc meetings to discuss material issues. A total of 2 meetings were held in 2022, and current year's progress was reported to the board of directors on Nov 1, 2022.	No material deviation is found
II. Has the Company conducted risk assessment on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?			Onyx Healthcare, established the Sustainable Development Committee as the responsible unit for corporate sustainable development. It holds at least one committee meeting each year or meetings on material issues aperiodically. Through four working groups: Corporate Governance, Corporate Commitment, Social Engagement, and Environment Protection, the committee integrates sustainable development to the corporate business strategy and reports to the board of directors (Board) the ESG-related strategies and effectiveness of implementation at least once a year.	
III. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?	✓		The Company has assembled a CSR Committee; the role of convener/chairperson is assumed by the Chairman, whereas the remaining committee members comprise the President and senior managers from various departments. The committee convenes	No material deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			regular as well as ad-hoc meetings to discuss material issues. A total of 4 meetings were held in 2020, and current year's progress was reported to the board of directors on Nov 5, 2020. During the year, the Company donated a sum of NT\$2 million to AAEON Foundation to sponsor charity activities: Discovery Tech Wonderland and Discovery Tech Wonder Land 2.0-STEAM & Code.	
<p>IV. Environmental issues</p> <p>(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?</p> <p>(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>			<p>(I) The Company has obtained certification for ISO 14001 Environmental Management System and CE marking to ensure compliance with environmental management regulations.</p> <p>(II) By reducing pollutants and improving recyclability and reusability of raw materials purchased and products produced, the Company strives to maximize and achieve sustainable use of available resources.</p>	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies																		
	Yes	No	Summary																			
<p>(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?</p> <p>(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?</p>			<p>(III)The Company evaluates environmental impact during product design and production. Air conditioning equipment is regularly checked and serviced to maintain power efficiency.</p> <p>(IV)To fulfill CSR and keep up with the global trend of energy conservation, carbon reduction, and environmental protection, besides reducing environmental footprint according to the environmental management policy, we produce statistics on GHG emissions, water consumption, and the weight of waste and set reduction targets each year to progressively optimize environmental performance every year.</p> <p>(1)GHG emissions</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 (direct GHG emissions)</th> <th>Scope 2 (energy indirect GHG emissions)</th> <th>Scope 3 (other indirect GHG emissions)</th> <th>Total carbon emissions</th> <th>Unit product carbon emission kgCO<sub>2</sub>e</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0</td> <td>219,935</td> <td>47,134</td> <td>267,069</td> <td>10.7</td> </tr> <tr> <td>2022</td> <td>0</td> <td>233,327</td> <td>47,342</td> <td>280,669</td> <td>9.8</td> </tr> </tbody> </table>	Year	Scope 1 (direct GHG emissions)	Scope 2 (energy indirect GHG emissions)	Scope 3 (other indirect GHG emissions)	Total carbon emissions	Unit product carbon emission kgCO <sub>2</sub> e	2021	0	219,935	47,134	267,069	10.7	2022	0	233,327	47,342	280,669	9.8	
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Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies									
	Yes	No	Summary										
			<p>Annual electricity consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Annual electricity consumption (kWh)</td> <td>345,267</td> <td>366,291</td> </tr> <tr> <td>Carbon emissions from electricity consumption (kg CO2e)</td> <td>219,935</td> <td>233,327</td> </tr> </tbody> </table> <p>Note: Electricity consumption increased by 23% in 2021 after the expansion of plant and material incoming sites since Q2 2020.</p> <p>(2)Water consumption Water consumption was not considered because we do not use water in manufacturing, and domestic water is supplied by the science park.</p> <p>(3)Waste Generation</p>	Year	2021	2022	Annual electricity consumption (kWh)	345,267	366,291	Carbon emissions from electricity consumption (kg CO2e)	219,935	233,327	
Year	2021	2022											
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Assess criteria	Actual governance				Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary																	
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2022	10,322	601	10923	94%																
<p>IV. Social issues</p> <p>(I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?</p> <p>(II) Has the Company developed and implemented reasonable employee welfare measures (including</p>	✓		<p>(I) The Company complies with labor regulations and the UN's Universal Declaration of Human Rights, and has implemented internal management policies and procedures accordingly. In addition, we arranged training related to human rights protection in 2022, with 118 employees completing the related courses. In the future, we will continue to care about issues related to human rights protection and promote related education and training to enhance the awareness of human rights protection and thereby reduce the likelihood of related risks.</p> <p>(II) Besides doing overall planning for salaries and bonuses based on the pay standard in local areas, we have established the</p>		No material deviation is found															

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?			<p>working rules and rewards and bonuses regulations to maintain consistency and align employee rewards with corporate development. In addition, we offer profit-sharing bonuses, rewards, and bonuses for traditional festivals, such as Mid-Autumn Festival, Dragon Boat Festival, and year-end bonuses to share profit with employees and seek mutual prosperity and existence.</p> <p>Moreover, we give substantial concern and care for employees with parenting needs, including paid maternity leave and paternity leave, arrangement for leave of absence, career planning, and related benefits and allowances. We also organize employee activities, such as Family Day, anniversary party, and employee care, for employees to feel a sense of belonging and create a relaxing atmosphere. We salary employees based on their duties, competencies, education attainment, work experience, and professional skills regardless of gender, race, religion, political affiliation, and marital status. In Taiwan, the start pay is better than the minimum wage stipulated in the Labor Standards Act. We also offer raises, bonuses, and rewards based on the Company's financial performance, overall target achievement, personal performance and work contribution of employees to reward the efforts of employees and attract, retain, and encourage outstanding employees. In 2022 the</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?</p> <p>(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?</p>			<p>average ratio of female employees and female officers was 37.5% and 23% respectively.</p> <p>(III) Company has implemented employee work rules, compensation and performance bonus policies in such a way that enables employees' salary to grow in line with the Company's operations. Employees are given additional credits for volunteer activities, so that performance evaluation can be more closely associated with social responsibilities.</p> <p>(IV) We plan complete career training for officers and employees at all levels, including new employee training, professional competency training, supervisor training, and labor safety and health education and training for employees to learn and grow continuously through comprehensive channels. We also introduce training courses on the concept development of business ethics to develop the key competency of employees. In 2022 a total of 2,071 employees participated in education and training for a total of 3,259 hours. Each year we arrange performance interviews for supervisors and employees to discuss and set the personal annual capacity development plan. Through periodic review and feedback, we help employees tailor the best development plans.</p>	



Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>(V) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protect?</p> <p>(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?</p>			<p>(V) The Company has labeled and marketed its products and services in accordance with laws and international standards. E-mail links are provided on website for customers to raise queries, complaints and suggestions for the protection of their interests.</p> <p>(VI) Before having business with suppliers, we will evaluate them according to the Supplier Evaluation Procedure. When signing procurement contracts with them, we must request them to abide by all international environmental protection laws and regulations, including, without limitation to, the requirements of RoHS, REACH, conflict metals, and HSF statement. We also request suppliers to ensure that the supplied materials are not obtained from illicit labor, child labor, or any other forms of labor prohibited by law. In addition, we will conduct periodic audits and use the audit results as an important reference for decision-making.</p>	
<p>V. Does the Company prepare corporate social responsibility report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?</p>	✓		<p>In 2022, we prepared the 2021 CSR report in accordance with the GRI Standards and disclosed the report on the corporate website. This year, we have prepared the 2022 ESG Report in accordance with the GRI Standards and SASB Standards and disclosed the report on the corporate website.</p>	<p>No material deviation is found</p>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>VI. In case of the company has stipulated its sustainable development codes according to the Market Listed Corporate Code of Practice on Sustainable Development, please state its functions and differences: The Company has already stipulated “Sustainable Development Best Practice Principles” and discloses relative information on its website, and strictly abides by during daily operation</p>				
<p>VII. Other important information for understanding the Company’s sustainable development implementation: The Company integrates internal manpower and resources and cooperates with AAEON Foundation to care for the underprivileged, encourage art and cultural activities, sponsor charity and promote education of technologies. Below is a summary description of various social events that the Company had participated in:</p> <p>(I) Education: In 2022, we sponsored a sum of NT\$1 million for the Discovery Tech Wonder Land project organized by the AAEON Foundation. The project was participated by five schools in five counties (Tatung, Liuzilin, Meilin, Lucao, Xinpi) in Chiayi County. Besides exhibitions on five daily life technologies: Food Technology Application, Household Technology, Transportation Technology, Technology Future, and Wearing Technology, the project also included practical courses in popular science: DIY computers, fun science games, VR and AR operation, green building + leveler DIY, HOC programming, animation. During September 2022-February 2023, a total of 207 exhibitions were held under the project with 6,070 visitors.</p>				

Assess criteria	Actual governance			Summary	Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No			
<p>(II) Environmental protection: All of the Company's products have met WEEE (Waste of Electrical and Electronic Equipment) and RoHS (Restriction of Hazardous Substances) requirements. Cartons used in packaging are produced from environment-friendly pulp and conform to reusable standards. In-carton protections are made from recyclable EPO, which can be reused to save resources. In terms of recycling label, all packaging materials have been printed with globally recognized recycling symbols to promote customers' awareness toward environmental protection.</p> <ol style="list-style-type: none"> <li>1. Three directions of environment-friendly design <ol style="list-style-type: none"> <li>(1) Eliminate or reduce hazardous substances in existing products through selection of raw materials.</li> <li>(2) Design products using materials that can be easily reused, recycled and disintegrated where possible.</li> <li>(3) Incorporate power management functions into product design for improved energy efficiency and reduced power consumption.</li> </ol> </li> <li>2. Green cycle <ol style="list-style-type: none"> <li>(1) Waste management and resource recycling            ONYX generated 10,923kg of general waste and 10,322kg of resource waste in 2022. Carton boxes accounted for 92% of resource waste, whereas the remainder consisted of packaging materials that were stripped off from goods purchased (e.g., trays, specialized cartons and plastic panels). 94% of the waste generated was recycled and reused.</li> <li>(2) Industrial waste management            The Company searches for waste treatment service providers according to the rules imposed by Environmental Protection Administration (EPA), and makes "License Inquiries" for suitable service providers on EPA's waste control website. The Company's existing waste service</li> </ol> </li> </ol>					

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>provider has been able to present waste disposal and treatment license issued by EPA or recycling permit issued by the Ministry of Economic Affairs; furthermore, the categories of waste the service provider is permitted to handle match those generated by the Company.</p> <p>(3) Recycling income The Company received NT\$26,873 of income from recycling 9,360kg of industrial waste (cartons) in 2022.</p> <p>(III) Community engagement, social contribution, social service and charity:</p> <ol style="list-style-type: none"> <li>1. The Company coordinates with charity foundation to organize regular blood donations on factory premise from 9:30 to 16:30 on the first Friday of March, June, September and December each year. In 2022, within the industrial park donated 771 250c.c. bags of blood in total. By engaging peers in charitable activities, the Company aimed to promote unity among businesses within the park.</li> <li>2. In 2022, we donated a sum of NT\$200,000 in collaboration with the AAEON Foundation as the forestation and tree production funds for the Luodong Forestry Bureau by adopting 1 hectares of national forest land for forestation in Shiding and Pinglin area, New Taipei City. With our forestation and tree production funds, the Forest Bureau reclaimed the whole lot of forest land and planned to grow honey plants including the fried egg plant (<i>Polyspora axillaris</i>), sakaki (<i>Cleyera japonica</i>), Japanese bay tree (<i>Machilus thunbergii</i>), and Formosan ash (<i>Fraxinus formosana</i>) and the endemic tree ring-cupped oak (<i>Cyclobalanopsis glauca</i>) to build a honey plant forest and create diversified services for forest ecology. Under the leadership of the chairperson and wife, the plantation took place smoothly on March 26, 2022 (Sat), and Onyx Healthcare also set a new milestone on the road to environmental sustainability.</li> </ol>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>3. Annual coastal clean-up: In response to the “International Coastal Cleanup,” we organize the coastal clean-up every year. In 2022, 120 participants cleaned up 324.5kg of coastal waste.</p> <p>4. To support Earth Hour, we put support slogans and content on the corporate website to urge governments in the world and citizens on Earth to face climate change and global warming issues.</p> <p>(IV) Customers' interests: The Company has assigned dedicated units to address customers' complaints in a timely and appropriate manner, and thereby protect customers' interest.</p> <p>(V) Human rights: The Company cares for the underprivileged and hires persons with disability in support of the government's initiative to protect work rights for all.</p> <p>(VI) Safety, health and other social responsibility activities: The Company complies with Labor Standards Act and Occupational Safety and Health Act by organizing safety and health training and regular health checkups for all employees.</p> <p>(VII) In February 2016, the Company passed ISO-14001: 2015 Environmental Management System and obtained certification that is valid on February 19, 2025.</p>				

(VI)Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies":

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?</p> <p>(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p>	✓		<p>(I) The board of directors passed "Ethical Conduct Guidelines" and "Business Integrity Code of Conduct" on June 6, 2016 to provide the foundation principles for business integrity.</p> <p>(II) The board of directors passed "Business Integrity Procedures and Behavioral Guidelines" on June 6, 2016 that introduced restrictions to project proposals in order to reduce risk of dishonesty</p>	No material deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?			(III) The Company has a set of "Business Integrity Procedures and Behavioral Guidelines" that outline the proper operating procedures, behavioral guidelines, disciplinary actions and grievance system; all of which are duly implemented.	
<p>II. Business integrity</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?</p>	✓		<p>(I) Prior to commencing business dealing, the Company would evaluate the legitimacy and commercial integrity of its business partner.</p> <p>(II) The GM Office is responsible for enforcing the Company's integrity goals and making regular reports to the board of directors. Current year's report was made to the board of directors on Nov 1, 2022. 2022 progress: 1. Employees of the Company follow "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" and enforce business integrity policy in all business activities.</p>	No material deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p> <p>(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?</p>			<p>2. The Company promotes integrity awareness and organizes training for all employees.</p> <p>3. The Company has implemented accounting and internal control systems. It has an internal audit unit that plans and audits major transactions and reports to the board of directors on a quarterly basis.</p> <p>4. The Company performs internal control self-assessments on a yearly basis to evaluate how well the integrity measures have been enforced. A Declaration of Internal Control System is issued based on the findings.</p> <p>(III) Directors and managers are not allowed to participate in decision-making or voting if they have any conflict of interest in the decision or transaction.</p> <p>(IV) The Company has implemented effective accounting and internal control systems that are constantly reviewed and improved upon. It also has internal auditors that regularly perform audits over the internal control system and procedures, and produces audit reports for the board of directors.</p>	



Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary													
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?			(V) The Company organizes internal training on business integrity on a regular basis, and promotes integrity awareness at management meetings and internal meetings. The following is a list of internal and external integrity courses organized by the Company in 2022: <table border="1" data-bbox="1093 826 1680 1136"> <thead> <tr> <th>2022</th> <th>Enrollments</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Business Integrity Code of Conduct</td> <td>127</td> <td>127</td> </tr> <tr> <td>Accounting policy &amp; Internal control system</td> <td>100</td> <td>149</td> </tr> <tr> <td>Total</td> <td>227</td> <td>276</td> </tr> </tbody> </table>	2022	Enrollments	Hours	Business Integrity Code of Conduct	127	127	Accounting policy & Internal control system	100	149	Total	227	276	
2022	Enrollments	Hours														
Business Integrity Code of Conduct	127	127														
Accounting policy & Internal control system	100	149														
Total	227	276														
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Has the Company assigned dedicated personnel to investigate the reported misconducts?	✓		(I) The Company has "Grievance Mailbox" that employees may use to report misconducts. All reported misconducts are handled according to "Business Integrity Procedures and Behavioral Guidelines" by dedicated personnel that the Chairman has assigned. Complaint channels have also been disclosed on the "Stakeholder Identification	No material deviation is found												

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(III) Has the Company adopted any measures to prevent whistleblowers from retaliation for filing reports?</p>			<p>and Communication" webpage. There was no report of major misconduct internally or externally in 2022.</p> <p>(II) The Company has implemented a set of standard procedures for handling reported misconducts that covers the following steps: 1. Case acceptance; 2. Clarification of offense; 3. Investigation of reported misconduct; 4. Interview with relevant personnel; and 5. Disciplinary action. Other details such as standard procedures for the investigation of reported misconduct, follow-up actions after investigation, and confidentiality measures have also been addressed in the procedures.</p> <p>(III) The Company maintains confidentiality over informant's identity and details of each misconduct report, and is committed to protecting informants from retaliation as a result of their report.</p>	
<p>IV. Enhanced information disclosure</p> <p>Has the Company disclosed its integrity principles and progress onto its website and MOPS?</p>	✓		<p>The Company has a website to disclose corporate information, and makes relevant announcements over MOPS.</p>	<p>No material deviation is found</p>

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established Business Integrity Code of Conduct and Business Integrity Procedures and Behavioral Guidelines based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and enforced accordingly. There was no significant deviation between actual practices and the above policies.				
VI. Other information useful to the understanding of business integrity: Apart from the annual report, readers may also visit the Company's website at <a href="https://www.onyx-healthcare.com">https://www.onyx-healthcare.com</a> .				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed

The Company has established governance-related policies including "Corporate Governance Code of Conduct," "Ethical Conduct Guidelines," "Business Integrity Code of Conduct," "Business Integrity Procedures and Behavioral Guidelines," "Misconduct Report Handling Guidelines," "Board Meeting Proceeding Guidelines," "Shareholder Meeting Conference Rules," "Director Election Policy," "Audit Committee Foundation Principles," "Insider Trading Prevention Policy," "Corporate Social Responsibility Code of Conduct" and "Remuneration Committee Foundation Principles." All of which have been disclosed on MOPS and the Company's website.

(VIII) Other information material to the understanding of corporate governance within the Company

The Company has a set of "Insider Trading Prevention Policy" that outlines insider trading prevention as well as how material insider information shall be handled.

(IX) Internal control

1. Declaration of Internal Control System

Onyx Healthcare Inc.

Declaration of Internal Control System

Date: December 31, 2022

The following declaration has been made based on the 2022 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by the "Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was passed unanimously without objection by all 6 directors present at the board meeting dated February 21, 2023.

Onyx Healthcare Inc.

Chairman: Chuang, Yung-Shun

President: Wang, Feng-Hsiang

2.CPA's review on internal control system: None.

(X) Penalties imposed against the Company for regulatory violation, or penalties against insiders for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None.

(XI) Significant resolutions made in shareholder meetings and board of directors meetings in the last financial year, up to the publication date of annual report

1. Major shareholder meeting resolutions

Date of meeting	Nature of meeting	Major resolutions	Current progress
2022/5/31	Annual general meeting	Passed 2021 business report and financial statements.	Passed as proposed through vote by ballot.
		Passed 2021 earnings appropriation.	With authorization sought in a shareholder meeting, the Chairman had set the dividend baseline date at July 5, 2022, and dividends were entirely paid on July 26, 2022. (To distribute cash dividends at NT\$3.0 per share)
		Passed proposal to Cash Distribution from the Capital Surplus.	With authorization sought in a shareholder meeting, the Chairman had set the dividend baseline date at July 5, 2022, and dividends were entirely paid on July 26, 2022. (To distribute cash dividends at NT\$1.0 per share)
		Passed partial amendments to " Asset Acquisition and Disposal Procedures "	This motion was passed as proposed through a vote by ballot. The amended procedures took effect and were published on the Company's website and MOPS on May 31, 2022.

		Passed partial amendments to " Articles of Incorporation"	This motion was passed as proposed through a vote by ballot. The amended procedures took effect and were published on the Company's website on May 31, 2022.
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## 2. Major board resolutions

Date of meeting	Nature of meeting	Major resolutions
2022/1/25	Board of Directors	<ol style="list-style-type: none"> <li>1. Approved the motion for setting the issue price of capital increase by cash for 2022</li> <li>2. Approved the motion for formulation of procedures for employee stock options for cash capital increase.</li> <li>3. Approved the motion for the list of employee stock options for 2022 for capital increase by cash.</li> </ol>
2022/2/24	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed allocation of 2021 employee and director remuneration.</li> <li>2. Passed 2021 business report and financial statements.</li> <li>3. Passed 2021 Declaration of Internal Control System</li> <li>4. Partial Amendments to " Articles of Incorporation."</li> <li>5. Partial Amendments to " Asset Acquisition and Disposal Procedures. "</li> <li>6. Passed Re-election of all directors</li> <li>7. Approved the motion for nomination of candidates for directors and independent directors.</li> <li>8. Passed Release of new directors from non-competition restrictions</li> <li>9. Passed details concerning the 2022 annual general meeting</li> <li>10. Approved the motion for appointment of CPAs</li> <li>11. Partial Amendments to " Corporate Governance Best Practice Principles."</li> <li>12. Partial Amendments to " Sustainable Development Best Practice Principles ."</li> <li>13. Approved the motion for appointment of president</li> </ol>

Date of meeting	Nature of meeting	Major resolutions
		14. Passed 2022 performance bonus for non-sales employees 15. Passed 2022 manager salary adjustment proposal.
2022/4/14	Board of Directors	1. Passed 2021 earnings appropriation. 2. Passed Cash Distribution from the Capital Surplus. 3. Approved to change some provisions of the “Articles of Incorporation” resolve by the Board of Directors. 4. Motion for amendments to the agenda (items newly added for discussion) for the 2022 annual general meeting. 5. Passed donation to AAEON Foundation.
2022/5/3	Board of Directors	1. Passed 2022 1st quarter consolidated financial statements. 2. Passed the proposal to accept derivative trading limit from the bank. 3. Passed the proposal to accept derivative trading limit from Taishin Bank. 4. Passed authorization for derivative trading.
2022/5/31	Board of Directors	1. Approved the motion for election of the Company's 5th Chairman. 2. Approved motion for appointment of Remuneration Committee members
2022/8/2	Board of Directors	1. Passed 2022 2nd quarter consolidated financial statements. 2. Passed amendments to "Internal Control System" and Internal Audit System" of the Company and subsidiary - ONI. 3. Motion for formulation of “Procedures for Handling Material Inside Information”. 4. Passed allocation of 2021 director remuneration. 5. Passed allocation of 2021 employee remuneration for managers. 6. Approved the motion for distribution of bonuses to managers for 2022.



Date of meeting	Nature of meeting	Major resolutions
2022/11/1	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed 2022 3rd quarter consolidated financial statements.</li> <li>2. Passed the proposal to apply for treasury trading limit with CTBC Bank.</li> <li>3. Partial Amendments to " Board of Directors Conference Rules."</li> <li>4. Partial amendments to "Responsibility Matrix".</li> </ol>
2022/12/22	Board of Directors	<ol style="list-style-type: none"> <li>1. Approved the motion to apply for treasury trading limit with CTBC Bank.</li> <li>2. Passed 2023 audit plan of the Company and subsidiaries.</li> <li>3. Passed distribution of 2022 managers' year-end bonus.</li> </ol>

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up till the publication date of annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of annual report: None.

#### V. Disclosure of external auditors' remuneration

Unit: NTD thousands

Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-audit fee
PwC Taiwan	Lin, Chun-Yao	Weng, Shih-Jung	2022/1/1~2022/12/31	2,710	340
Remarks: Non-audit fee the other fees are from tax audits and opinions and reviews of CPAs on the transfer of earnings					

(I) If the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.

(II) If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

#### VI. Change of external auditor:

(I) Information relating to the former auditor:

Date of reappointment	Since 2020/1/1, 2023/1/1
Reasons and details of the reappointment	<p>Following an internal rotation within PwC Taiwan, the Company has reappointed its financial statement auditors from CPA Chang Shu-Chiung and CPA Lin Chun-Yao to CPA Lin Chun-Yao and CPA Weng Shih-Jung, starting from 2020. From 2023, the CPAs for the Company's financial statements were replaced from CPAs Lin Chun-Yao and Weng Shih-Jung to CPAs Chang Shu-Chiung and Lin Chun-Yao.</p> <p>Following an internal rotation within PwC Taiwan, the Company has reappointed its financial statement auditors from CPA Chang, Shu-Chiung and CPA Lin,</p>

	Chun-Yao to CPA Weng, Shih-Jung and CPA, Lin, Chun-Yao starting from year 2020.		
Whether the termination of audit service was initiated by the client or by the auditor	Parties	Auditor	Client
	Situation		
	Service terminated by	—	—
	Service no longer accepted (continued) by	—	—
Reasons for issuing opinions other than unqualified opinion in the last 2 years	None		
Any disagreement with the issuer	Yes	—	Accounting policy or practice
		—	Disclosure of financial report
		—	Audit coverage or procedures
		—	Others
	None	V	
	Explanation		
Supplementary disclosure (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

(II) Information relating to the succeeding auditor

Name of accounting firm	PwC Taiwan	PwC Taiwan
Name of CPA	Lin, Chun-Yao, Weng, Shih-Jung	Chang, Shu-Ching, Lin, Chun-Yao
Date of reappointment	Since 2020	Since 2023
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue on the financial reports prior to reappointment	Not applicable	Not applicable
Written disagreements from the succeeding auditor against opinions made by the former CPA	Not applicable	Not applicable

(III) Former auditor's reply relating to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Guidelines: None.

VII. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year: None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers and shareholders with more than 10% ownership interest in the last year, up till the publication date of annual report

(I) Changes in shares pledged by directors, supervisors, managers and major shareholders

Unit: shares

Position	Name	2022		Current year up till report publication date (March 28, 2023)	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Directors and major shareholders (10% ownership and above)	AAEON Technology Inc.	1,125,105	—	—	—
Director	Jui Hai Investment Co., Ltd.	15,161	—	—	—
Director - corporate representative Chairman	Chuang, Yung-Shun	383,190	—	—	—
Director - corporate representative President	Wang, Feng-Hsiang	35,000	—	(3,000)	—
Director - corporate representative	Lin, Chien-Hung	952	—	—	—
Director	Lee, Tsu-Der (2023/1/5 (Released of duty))	—	—	Not applicable	Not applicable
Independent Director	Chiang, Po-Wen (2022/5/31 (Released of duty))	—	—	Not applicable	Not applicable
Independent Director	Tai, Yi-Hui (2022/5/31)	—	—	Not applicable	Not applicable

	(Released of duty)				
Independent Director	Lee, San-Liang (2022/5/31 (Released of duty)	—	—	Not applicable	Not applicable
Independent Director	Lee, Chih-Hao	—	—	—	—
Independent Director	Tseng, Ho-Chun	—	—	—	—
Independent Director	Liao, Hsiu-Mei	—	—	—	—
Special assistant to GM	Chuang, Fu-Chung(Note 1)	Not applicable	Not applicable	—	—
Assistant Vice President of Marketing Division	Chen, Ying-Te	25,178	—	—	—
Head of Product R&D Division	Chao, Hsing-Kuo	17,287	—	—	—
Assistant Vice President	Lin, Huang-Pao (Note 1)	10,000	—	Not applicable	Not applicable
Head of Accounting	Yang, Hsiang-Chih	4,000	—	(2,000)	—

Note 1: On March 1, 2023, Mr. Chuang Fu-Chun assumed office. On October 1, 2022, Mr. Lin Huang-Pao's resignation became effective.

(II) Transfer of shares where the counterparty is a related party: None

(III) Pledge of shares where the counterparty is a related party: None

IX. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders:

Unit: shares; March 28, 2023

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the names of others		Names and relationships of top-10 shareholders characterized as spouse or relative of second degree or closer		Remarks
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
AAEON Technology Inc.	16,257,179	48.88%	—	—	—	—	ASUSTeK Computer Inc. Hua-Min Investment Co., Ltd. Chuang, Yung-Shun Jonney Shih	Parent and subsidiary Associated company Representative of the mentioned company Director of the mentioned company	—
AAEON Technology Inc.	16,257,179	48.88%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
Representative : Chuang, Yung-Shun	2,745,068	8.25%	—	—	—	—			
Chuang, Yung-Shun	2,745,068	8.25%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
ASUSTeK Computer Inc.	1,694,112	5.09%	—	—	—	—	AAEON Technology Inc. Hua-Min Investment Co., Ltd. Jonney Shih	Parent and subsidiary Parent and subsidiary Representative of the mentioned company	—
ASUSTeK Computer Inc. Representative : Jonney Shih	—	—	—	—	—	—	AAEON Technology Inc. Hua-Min Investment Co., Ltd.	Director of the mentioned company Representative of the mentioned company	—
Wang, Feng-Hsiang	1,087,292	3.27%	—	—	—	—	—	—	—
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company	661,194	1.99%	—	—	—	—	—	—	—
Li, Chien-Hsing	487,000	1.46%	—	—	—	—	—	—	—
Li, Mingxian	419,110	1.26%	—	—	—	—	—	—	—
Hsu, Hang-Chien	383,490	1.15%	—	—	—	—	—	—	—
Li, I-Hsuan	380,671	1.14%	—	—	—	—	—	—	—
Hua-Min Investment Co., Ltd.	362,114	1.09%	—	—	—	—	ASUSTeK Computer Inc.	Parent and subsidiary	—

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the names of others		Names and relationships of top-10 shareholders characterized as spouse or relative of second degree or closer		Remarks
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
							AAEON Technology Inc. Jonney Shih	Associated company  Representative of the mentioned company	
Hua-Min Investment Co., Ltd. Representative : Jonney Shih	—	—	—	—	—	—	ASUSTeK Computer Inc. AAEON Technology Inc.	Representative of the mentioned company Director of the mentioned company	—



X. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

March 31, 2023 Unit: shares

Invested businesses	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
ONYX HEALTHCARE USA, INC.	200,000	100.00%	—	—	200,000	100.00%
ONYX HEALTHCARE EUROPE B.V.	100,000	100.00%	—	—	100,000	100.00%
Onyx Healthcare (Shanghai) Inc.	(Note)	100.00%	—	—	(Note)	100.00%
iHelper Inc.	1,656,000	46.00%	180,000	5.00%	1,836,000	51.00%
WINMATE INC.	10,244,000	13.43%	4,770,000	6.25%	15,014,000	19.68%

Note: Limited liability company

## FOUR Capital Overview

### I. Capital and outstanding shares

#### (I) Sources of share capital

##### 1. Outstanding shares

March 31, 2023

Unit: shares; NTD

Month/Year	Issued price (NTD)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Paid in properties other than cash	Others
February 2010	10	3,000,000	30,000,000	3,000,000	30,000,000	Company incorporation - 3,000,000 shares	None	Note 1
April 2012	10	10,000,000	100,000,000	7,500,000	75,000,000	Cash issue 4,500 thousand shares	None	Note 2
December 2013	10	10,000,000	100,000,000	9,660,000	96,600,000	Capitalization of earnings 2,160 thousand shares	None	Note 3
August 2014	10	15,000,000	150,000,000	13,041,000	130,410,000	Capitalization of earnings 3,381 thousand shares	None	Note 4
August 2015	10	15,000,000	150,000,000	14,345,100	143,451,000	Capitalization of earnings - 1,304 thousand shares	None	Note 5
August 2016	10	25,000,000	250,000,000	15,779,610	157,796,100	Capitalization of earnings - 1,435 thousand shares	None	Note 6
January 2017	10	25,000,000	250,000,000	18,188,610	181,886,100	Cash issue 2,409 thousand shares	None	Note 7,8
August 2017	10	25,000,000	250,000,000	20,007,471	200,074,710	Capitalization of earnings - 1,819 thousand shares	None	Note 9
September 2019	10	50,000,000	500,000,000	22,008,218	220,082,180	Capitalization of earnings - 2,001 thousand shares	None	Note 10
August 2020	10	50,000,000	500,000,000	27,510,273	275,102,730	Capitalization of earnings – 5,502 thousand shares	None	Note 11
September 2021	10	50,000,000	500,000,000	30,261,300	302,613,000	Capitalization of earnings – 2,751 thousand shares	None	Note 12
April 2022	10	50,000,000	500,000,000	33,261,300	332,613,000	Cash issue 3,000 thousand shares	None	Note 13

Note 1: Approved under Letter No. Bei-Fu-Jing-Chan-Deng-Zi-0993064054 dated February 2, 2010

Note 2: Approved under Letter No. Bei-Fu-Jing-Chan-Deng-Zi-1015021639 dated April 12, 2012

Note 3: Approved under Letter No. Bei-Fu-Jing-Si-Zi-1025077162 dated December 11, 2013

Note 4: Approved under Letter No. Bei-Fu-Jing-Si-Zi-1035173417 dated August 22, 2014

Note 5: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1045172152 dated August 13, 2015  
 Note 6: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1055302897 dated August 17, 2016  
 Note 7: Approved under Letter No. Zheng-Gui-Shen-Zi-1050031647 dated November 9, 2016  
 Note 8: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1068000159 dated January 5, 2017  
 Note 9: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1068053455 dated August 7, 2017  
 Note 10: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1088061513 dated September 10, 2019  
 Note 11: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1098057652 dated August 12, 2020  
 Note 12: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1108062689 dated September 3, 2021  
 Note 13: Approved under Letter No. Zheng-Gui-Shen-Zi- 1100378967 dated January 13, 2022

## 2. Share categories

March 28, 2023; unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	33,261,300	16,738,700	50,000,000	TPEX listed shares

## 3. Information relevant to the aggregate reporting policy: None

### (II) Shareholder structure

March 28, 2023; unit: parties; shares

Shareholder structure Count	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	—	—	22	2,263	8	2,293
Number of shares held	—	—	18,989,237	13,432,293	839,770	33,261,300
Shareholding percentage	—	—	57.09%	40.38%	2.53%	100.00%

### (III) Ownership diversity

#### 1. Common shares

March 28, 2023; unit: parties; shares

Shareholding category	Shareholder count	Number of shares held	Shareholding percentage
1 to 999	765	130,514	0.39%
1,000 to 5,000	1,221	2,396,666	7.21%
5,001 to 10,000	144	1,067,142	3.21%
10,001 to 15,000	55	668,765	2.01%
15,001 to 20,000	29	501,676	1.51%
20,001 to 30,000	28	665,928	2.00%
30,001 to 50,000	12	435,928	1.31%

40,001 to 50,000	6	275,617	0.83%
50,001 to 100,000	12	752,357	2.26%
100,001 to 200,000	7	924,590	2.78%
200,001 to 400,000	7	2,091,162	6.29%
400,001 to 600,000	2	906,110	2.72%
600,001 to 800,000	1	661,194	1.99%
800,001 to 1,000,000	0	0	0.00%
1,000,001 and above	4	21,783,651	65.49%
Total	2,293	33,261,300	100.00%

2. Preferred shares: None

(IV) List of major shareholders

March 28, 2023; unit: shares

List of major shareholders	Shareholding	Number of shares held	Shareholding percentage
AAEON Technology Inc.		16,257,179	48.88%
Chuang, Yung-Shun		2,745,068	8.25%
ASUSTeK Computer Inc.		1,694,112	5.09%
Wang, Feng-Hsiang		1,087,292	3.27%
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company		661,194	1.99%
Li, Chien-Hsing		487,000	1.46%
Li, Mingxian		419,110	1.26%
Hsu, Hang-Chien		383,490	1.15%
Li, I-Hsuan		380,671	1.14%
Hua-Min Investment Co., Ltd.		362,114	1.09%

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Unit: NTDS

Item	Year	2021	2022	Up till March 28, 2023
		Market price per share (Note 1)	High	143.00
	Low	103.00	87	96.7
	Average	128.34	103.02	107.19
Net worth per share	Before dividend	34.19	42.12	—
	After dividend	31.11	Undistributed	—

EPS	Weighted average outstanding shares		30,261 thousand shares	32,522 thousand shares	33,261 thousand shares
	EPS (Note 2)	Before retrospective adjustment	4.22	6.24	—
		After retrospective adjustment	4.22	Undistributed	—
Dividends per share	Cash dividends		4.00	5.00 (Note 2)	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns (Note 3)	P/E ratio		29.20	15.96	—
	Price to dividends ratio		30.81	19.92	—
	Cash dividend yield		3.25%	5.02%	—

Note 1: Information sourced from the Taipei Exchange; high, low and average prices are determined through comparison during trading hours.

Note 2: 2022 earnings appropriation represents amount resolved by the board of directors and is pending for approval at 2023 shareholder meeting.

Note 3: P/E ratio = average closing price per share for the year / earnings per share; price to dividend ratio = average closing price per share for the year / cash dividends per share; cash dividend yield: cash dividends per share / average closing price per share for the year.

## (VI) Dividend policy and execution

### 1. The Company's dividend policy

Annual net income concluded by the Company is first subject to reimbursement of previous losses (including adjustment to undistributed earnings) followed by a 10% provision for statutory reserve. However, no further provision is needed when statutory 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 may require. The residual balance can then be added to undistributed earnings (including adjustment to undistributed 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 shall not be less than 5% of total distributable earnings.

Cash dividends shall 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 the form of stock dividend 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. Mainly distribution of cash dividends.

For the most recent 2 fiscal years, the distribution is mainly carried out in the form of cash and supplemented by stock dividends, accounting for more than 70% of distributable earnings. For the distribution situation over the years, please see information on dividends on the company website. The Company's proposed dividend distribution for the year is based on the principle of not distributing less than 70% of the distributable earnings for the year.

2. Earnings distribution proposed for current year's shareholder meeting

Dividends proposed for the upcoming shareholder meeting are based on the earnings appropriation plan resolved during the board of directors meeting dated February 21, 2023, and include cash dividends of NT\$166,306,500 at NT\$5.00 .

3. Explanation to expected material changes in dividend policy

None.

(VII) Impacts of proposed stock dividends on the Company's business performance and earnings per share

Not applicable

(VIII) Employee/director/supervisor remuneration

1. Percentage and range of employees'/directors'/supervisors' remuneration stated in the Articles of Incorporation

According to the Articles of Incorporation, pre-tax profit before employee and director remuneration concluded in any given year shall be subject to employee remuneration of no less than 5% and director remuneration of no more than 3%. However, profits shall first be taken to offset cumulative losses if any.

Distribution of the above shall be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of all attending directors, and subsequently reported in shareholder meeting.

Employee remuneration can be paid in shares or cash to employees of subsidiaries that satisfy certain criteria. This criteria is determined under the board's authority. Director remuneration can only be paid in cash.

2. Basis of calculation for employee/director remuneration and share-based compensations, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid

Employee remuneration of NT\$18,000,000 and director remuneration of NT\$2,400,000 have been estimated for the current period. If the amount changes on a later date, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

3. Remuneration passed by the board of directors

The Company's 2022 employee and director remuneration was passed during the board of directors meeting held on February 21, 2023. Details of the remuneration approved by the board are presented below:

(1) Employee/director remuneration, in cash or in shares

Decision was passed to pay employee remuneration of NT\$18,000,000 and director remuneration of NT\$2,400,000 entirely in cash. These amounts were indifferent from the amounts estimated in the previous year.

(2) Percentage of employee remuneration paid in shares, relative to current net income and total employee remuneration

None of the 2022 employee remuneration was paid in shares, hence not applicable.

4. Actual payment of employee/director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies)

(1) The Company's 2020 remunerations were resolved during the annual general meeting held on May 31, 2022; details of employee and director remuneration are as follows:

	Amount allocated (NTD thousands)
Employee remuneration	11,329
Director remuneration (Note)	2,400

Note: The Company has assembled an Audit Committee to replace supervisors.

(2) Difference between the above amounts and amounts of employee/director/supervisor remuneration previously recognized: None.

(IX) Buyback of company shares: None

II. Disclosure relating to corporate bonds: None

III. Disclosure relating to preferred shares: None

IV. Disclosure relating to global depository receipts: None

V. Employee warrants:

(1) Status of unexpired employee subscription warrants:

March 28, 2023

The types of employee subscription warrants	2020 employee subscription warrants	
Effective date	2020/5/6	
Issuance date	2020/8/6	
No. of units issued	1,000 units	
No. of subscribable shares as a percentage of total issued shares (%)	3.0065%	
Subscription period	The term of the employee subscription warrants is five years. The subscription warrants and the rights thereof cannot be transferred, pledged, gifted to others, or other ways of disposal. However, successor is not limited subject to the above.	
Performance of contract	The Company shall issue new common shares.	
Period and ratio (%) in which subscription is restricted	Employees may exercise their subscription rights according the following vesting schedule two years after issuance.	
	<u>Vesting date</u>	<u>Cumulative vesting</u>
	2 <sup>nd</sup> year	50%
	3 <sup>rd</sup> year	75%
	4 <sup>th</sup> year	100%
Number of shares obtained through exercise of subscription rights	0 shares	
NT\$ amount of shares subscribed	NT\$0	
No. of shares that have not been subscribed	912,000	
Subscription price per share of the unsubscribed shares	NT\$114.70	
No. of unsubscribed shares as a percentage of total issued shares (%)	2.742%	
Effect on the shareholders	This stock option is vested over two years starting the third year after issuance. The shareholders' equity is diluted year by year, and thus the dilutive effect is limited.	

(2) Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired:



	Title	Name	Subscribable shares through obtained employee share warrants (thousand shares)	No. of subscribable shares as a percentage (%) of total issued shares	Subscribed			Unsubscribed				
					No. of shares (thousand shares)	Subscription price (NT\$)	Amount of shares subscribed	No. of shares as a percentage (%) of the total issued shares	No. of shares (thousand shares)	Subscription price	NT\$ amount of the shares (thousand NT\$)	No. of shares as a percentage (%) of the total issued shares
Managers	CEO	Chuang, Yung-Shun	380	1.38%	-	Not applicable	-	-	380	2020 subscription price per share: NT\$139.5	-	1.38%
	President	Wang, Feng-Hsiang										
	Assistant Vice President	Lin, Huang-Pao										
	Assistant Vice President of Marketing Division	Chen, Ying-Te										
	Head of Product R&D Division	Chao, Hsing-Kuo										
	Head of Accounting	Yang, Hsiang-Chih										
Employee	The top ten employees (Note 1)		316	1.15%	-	Not applicable	-	-	316	-	-	1.15%

Note 1: On March 1, 2023, Mr. Chuang Fu-Chun assumed office. On October 1, 2022, Mr. Lin Huang-Pao's resignation became effective.

Note 2: Based on the principle of salary protection, the company does not publicly disclose the names and positions of individuals

VI. Employee restricted shares: None

VII. New shares issued for merger or acquisition: None.

VIII. Progress on planned use of capital:

(I) Content of plan

1. Approval date and document number by the competent authority: approved by the Financial Supervisory Commission (FSC) in Letter JGZFF No.1100378967 on January 13, 2022.

2. Total fund required for this project: Nt\$264,000,000.

3. Fund source of this fundraising plan: New shares issued by cash capital increase were 3,000,000 new shares at NT\$10 per share, totaling NT\$30,000,000. The issue price was NT\$88 per share, expecting to raise NT\$264,000,000.

4. Items of plans and estimated schedule of fund application:

Unit: NT\$ thousands

Items of Plans	Scheduled Completion Date	Total Fund Required	Estimated Schedule of Fund Application	
			2022	
			Q2	
Bank Loan Repayment	2022 Q2	105,000	105,000	
Working Capital Injection	2022 Q2	159,000	159,000	
Total		264,000	264,000	

5.Expected benefits:

(1)Repayment of bank loans

The total amount to be raised from this cash capital increase by issuing common shares was NT\$264,000,000. Among this, NT\$105,000,000 was planned to be used for repaying bank loans. The funds were expected to be in place in April 2021. The bank loans are repaid according to the agreement entered into with the bank based on the actual interest rate of 1.08-1.10% for short-term bank loans. Once paid, interest expenditure of NT\$765,000 is expected to be saved in 2022 and NT\$,1,147,000 thereafter. By doing so, the Company's financial burden can be reduced while at the same time increasing the Company's solvency and strengthening the financial structure, posing a positive factor on the Company's overall operational development and its flexibility to coordinate funds.

(2)Replenishment of working capital

Through cash capital increase, the Company raised NT\$264,000,000. Among this, NT\$159,000,000 was used to replenish working capital in order to reserve funds necessary for the Company's operations so that its own funds are sufficient. This will increase the Company's competitiveness and strengthen its financial structure, posing positive benefits for the overall operational development. The capital funds raised this time are to finance its future working capital shortfall, which is able to reduce the Company's dependence on bank loans, further saving interest expenditures. Based on the average interest rate for borrowing of approximately 1.09%, an interest expenditure of NT\$1,155,000 is expected to be saved in 2022, and NT\$1,733,000 per year from 2023.

6.Change in plan details, source or use of capital; reason for change, benefit of change, and date of shareholder meeting during which plan changes are reported:  
Not applicable.

7.Input to website designated by the Securities and Futures Bureau: Not applicable.

(II) Execution

The fund raising plan was completed in 2022 Q2. The fund of NT\$264,000 thousand raised was fully allocated and used to replenish working capital and repay bank loans.

Unit: NT\$ Thousands

Contents of the Plan	Facts of implementation		2022 Q2	Progress ahead of or behind schedule, the reasons and the improvements of plan
	Amount	Anticipated		
Repayment of			105,000	The repayment of loans from

bank loans	disbursed	Actual	105,000	financial institutions was completed in 2022 Q2 in line with the plan.
	Progress of implementation	Anticipated	100.00%	
		Actual	100.00%	
Replenishment of working capital	Amount disbursed	Anticipated	159,000	The replenishment of capital was completed in 2022 Q2 in line with the plan.
		Actual	159,000	
	Progress of implementation	Anticipated	100.00%	
		Actual	100.00%	
Total	Amount disbursed	Anticipated	264,000	
		Actual	264,000	
	Progress of implementation	Anticipated	100.00%	
		Actual	100.00%	

(III) Assessment of execution benefits

Units: NT\$ thousands

Item		Before fundraising	After fundraising
		End of 2021 Q4	End of 2022 Q2
Financial information	Operating Revenues	935,272	633,176
	Operating Income	261,184	447,223
	Profit for the year (Losses)	127,551	73,821
	Interest expense	2,169	1,297
	EPS	4.22	2.34
	Current assets	528,952	887,286
	Current liabilities	377,834	445,676
	Total liabilities	612,419	692,205
Financial Structure	Debt to asset ratio (%)	37.38	35.68
	Long-term funds to property, plant and equipment ratio (%)	5,702.24	7,558.98
Solvency	Current ratio (%)	140.00	199.09
	Quick ratio (%)	73.81	132.24

Source: 2021 Q4 audited standalone financial report and 2022 Q2 unaudited standalone financial statements.

This fund raising plan was completed in the in 2022 Q2. All NT\$264,000 thousand of proceeds received was allocated to working capital. This addition of long-term capital not only increased the weight of proprietary capital and strengthened financial position, but also reduced business risk and improved overall competitiveness. From the chart above, it can be observed that the cash issue reduced debt ratio from 37.38% to 35.68% and increased long-term capital to property, plants and equipment from 5,702.24% to 7,558.98%. In terms of solvency, the current ratio and quick ratio increased from 140.00% and 73.81% to 199.09% and 132.24%. Overall, the injection of additional capital has benefited the Company in terms of financial position and solvency.

In summary, the effectiveness of the Company's capital increase in 2022 has shown, without any significant abnormalities.

## FIVE Operational overview

### I. Business activities

#### (I) Scope of business

##### 1. Principal business activities

CC01080	Electronic Parts and Components Manufacturing
CC01100	Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
CC01110	Computers and Computing Peripheral Equipments Manufacturing
CC01120	Data Storage Media Manufacturing and Duplicating
CE01010	Precision Instruments Manufacturing
CF01011	Medical Equipments Manufacturing Medical Equipments Manufacturing
E605010	Computing Equipments Installation Construction
EZ05010	Apparatus Installation Construction
F108031	Wholesale of Drugs, Medical Goods
F113030	Wholesale of Precision Instruments
F118010	Wholesale of Computer Software
F119010	Wholesale of Electronic Materials
F208031	Retail sale of Medical Equipments
F213030	Retail sale of Computing and Business Machinery Equipment
F213040	Retail Sale of Precision Instruments
F214990	Retail Sale of Other Transport Equipment and Parts
F218010	Retail Sale of Computer Software
F219010	Retail Sale of Electronic Materials
F401010	International Trade
F601010	Intellectual Property
I301010	Software Design Services
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Weight of business activities

Unit: NTD thousands

Item	Year	2021		2022	
		Amount	Revenue weight	Amount	Revenue weight
Medical computing solutions and accessories		1,168,820	97.26%	1,558,717	97.40%
Others (Note)		32,940	2.74%	41,548	2.60%

Total	1,201,760	100%	1,600,265	100%
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Note: Others include income from services rendered and warranty coverage.

### 3. Products and Services

Our main product lines are medical computers, classified into the following eight categories based on product characteristics and application:

Product Type	Contents
Physiological monitoring system	ACCEL, ZEUS and Mate series of medical workstations, medical displays, smart OR solutions, and AI smart medical stations.
Mobile medical devices	MD-series medical tablets and telehealth solutions and PDA.
Mobile nursing care system	VENUS series medical cart computer
Medical controller	AM medical AI servers and medical motherboards.
Long-term care system	Bedside series infotainment unit
Medical power	Small, quick mobility medical power supply and high-power (wattage) durable mobile power supply solutions
Medical devices and solutions	Telemedicine Total Solution
Service incomes	Professional medical ODM/OEM service

### 4. New product (service) under development

Product Type	Product characteristics and application
Operating room medical display	Convenient integration of medical images in the operating room. Ultra-fine 4K resolution and color saturation to display true-to-life medical images.
Servers and mobile tablets for AI-ready endoscopic system	Utilize the high-performance Nvidia/Intel AI computing core modules and the safety of medical isolation to satisfy the demand for high-resolution endoscopic imaging and unparalleled mobile capacity.

Smart operating room image streaming system	Employ optical fibers as the medium to combine the transmission and integration of high-resolution image during surgical operation, realizing true digitization of operating room and ultra-real time transmission of high-end medical image.
Smart drug identification system	Using artificial intelligence technology to enable smart drug identification. Eliminating the need for triple-redundant verification and improving medical care efficiency. Significantly reduce medication errors and prevent medical dispute.
AI smart ward patient protection system	Uses 3D image capturing technology and AI to interpret and analyze patient behaviors, and send out alarms to ensure the safety of hospitalized patients.
AI Ultra-high resolution medical workstation	AI medical diagnosis and testing Ultra-high resolution For use in operating rooms and ultra-high resolution medical test laboratory Features Deep-Learning computational functions to achieve smart medical imaging
Medical-grade intelligent power system	Intelligent monitoring function Smart battery management Supply stable power for mobile medical devices Power-backup for stationary medical equipment Smart bulletin system for Self-diagnosis and abnormal reminders
Hospital remote-monitoring and management software	Conveniently manage and control the entire hospital's medical workstations from the information control room Remote analysis and troubleshooting Remote power on/off and program update Remote connection and operation Automatic warnings of abnormal conditions Integration of information management for head and branch hospitals
Telehealth solutions	Healthcare anywhere Beyond the limit of time, space, and environments Lower infection risk and avoid Cluster infection Realization of clinics for minor illness and regional hospitals for major illness. (Realization of right places for the right illness.)

## (II) Industry Status Quo

### 1. The Status Quo and Current Development of the related industry

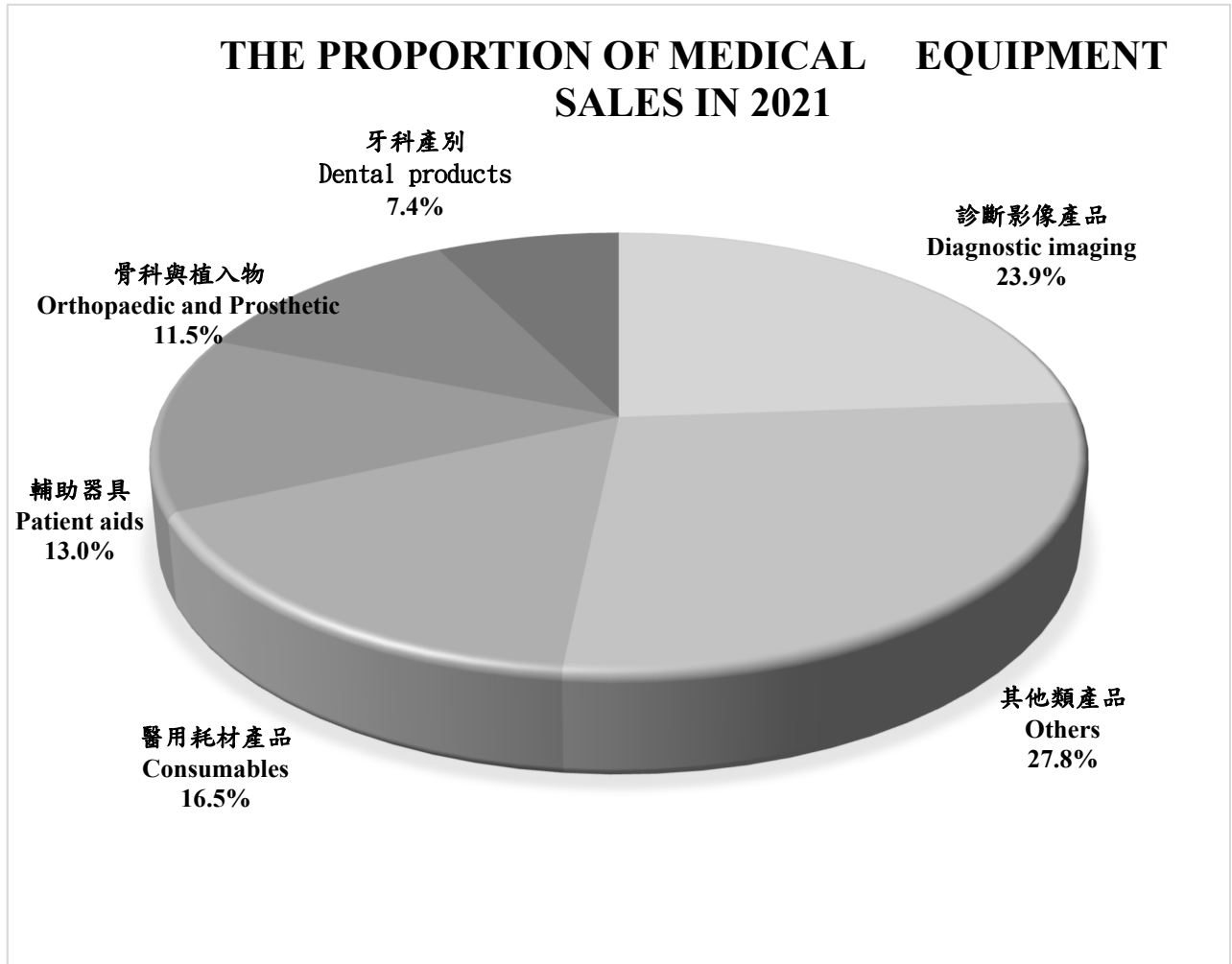
We engage in the R&D, manufacturing, and sales of medical computer equipment and provide hospitals with total solution for medical computers. Besides operations under our own brand Onyx, we also offer OEM/ODM services for world-leading manufacturers. Our product ranges by feature and by purpose include physiological monitoring systems, mobile medical aids, mobile nursing, medical controllers, and long-term care systems. They can be used at nursing stations, operating rooms, ICU wards, and emergency rooms.

In 2021, with the slowdown of the pandemic compared to 2020, most of the medical equipment products have returned to the pre-pandemic level demand. The market is also gradually returning to normal. According to the analysis of BMI And IEK data, the proportion of medical equipment sales in 2021 (shown in Figure 1) focused on the top three items. The largest single item was diagnostic imaging products, accounting for 23.9%, compared to 23.6% in 2020, representing an increase of 0.3%. This was mainly due to the increase in demand for diagnostic imaging products driven by the pandemic. Medical consumables accounted for 16.5%, a significant decrease of 4.9% compared to 21.4% in 2020. This was mainly due to the increase in consumables driven by the pandemic erupted in 2020. As the outbreak slowed down in 2021, the demand for medical consumables returned to normal. The proportion of assistive devices was 13.0%, a decreased of 1.2% compared to 14.2% in 2020. This was mainly due to there was a decline in people suffering from the pandemic, reducing the demand as well as the proportion.

In general, with COVID-19 symptoms becoming more flu-like and milder, countries around the world have begun to open up in terms of every day life and economy. Non-emergency medical care has restarted with increase in market demand. The medical industry is expected to gradually recover its long-term growth momentum, driven by the demand for the medical fundamentals and maintaining certain momentum for senior medical demand.

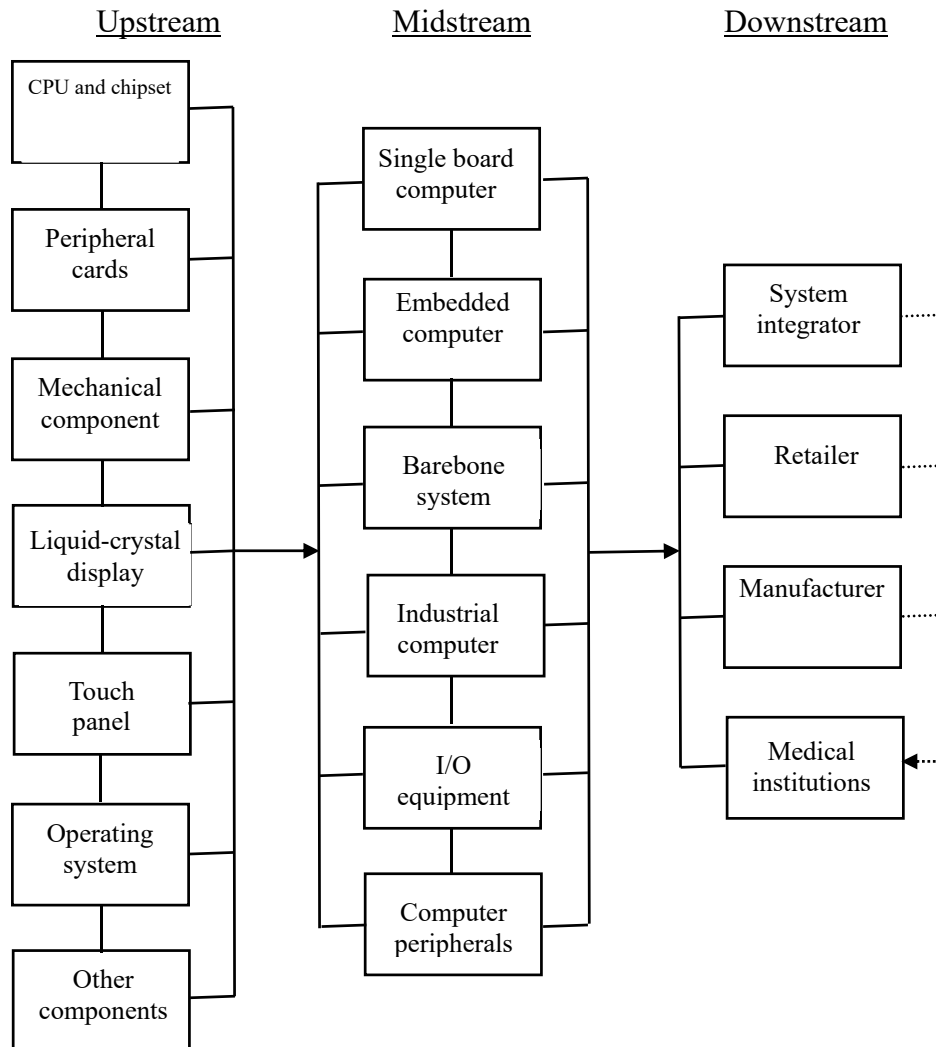


Figure 1



Source: BMI, 2022 & IEK,2022/04

## 2. Relationship between the upstream, midstream and downstream industries



The upstream medical computer industries are suppliers of semiconductors, peripheral cards, mechanical and related components. Due to the rising popularity of slim industrial computers, LCD display becomes one of the upstream industries of industrial computers. The slim LCD panel is one of the major components in the medical computer industry defined by our company.

The midstream industries include manufacturers of I/O equipment, single board computers, barebone systems, industrial computers and peripherals. Our company and most of the industrial computer vendors in Taiwan are within the scope of midstream industries.

Depending on the sale format, downstream industries like retailers with engineering backgrounds, system integrators or equipment

manufacturers sell the final products to medical institutions.

### 3. Development trends of various products

The main development trends of medical devices are digitization, mobile service, paper-less, remote access and AI.

#### (1) Digitization

The traditional analogue display and chemical storage methods of medical equipment are increasingly digitized: for example, the traditional X-ray films are archived as digital PACS files, which greatly improve the accuracy and integrity of archived data. Digitization of medical institution infrastructure allows the permanent archiving and real-time transmission of test results, which greatly improves the efficiency of medical care.

#### (2) Mobile service and paper-less operation

The mobile operation of medical and care equipment contributes to the realization of patient-centered healthcare, such as mobile X-ray machine, mobile EKG, mobile drug cart and nursing cart. Medical staff can obtain real-time status of patients through mobile platforms, browse patient's information in real-time, and modify physician's orders online. Computerized technology allows full paper-less operation and accurate drug use, and significantly improves the quality of medical care.

#### (3) Remote access

The aid of wireless technology allows the extension of medical analysis and care from institution to communities, households and remote areas, fulfilling true remote healthcare and telecare.

#### (4) Artificial Intelligence (AI)

The role of AI is gaining importance in the medical field, such as computer-aided diagnosis, surgical navigation system, elderly care, and so on. When validity is enhanced and popularization extends in the future, AI can significantly reduce the burden of medical personnel and enhance care and treatment quality. AI technology and product application will be potential areas in the future.

### 4. Competition

The Company is mainly engaged in the R&D, manufacturing and sales of professional medical computer equipment. Its sales models include ODM/OEM and sales to end users directly or through distributors. The main competitors of our company's medical computer products are Taiwan's vendors of industrial computers and foreign medical device vendors. The biggest difference between us and the competitors is that we are focused on the R&D, production and marketing of medical computers, while other vendors are focused on industrial computers targeted for the retail enterprises. Our target markets include medical, vehicle, monitoring and industrial control; we share our personnel experiences and our resources are distributed.

The needs of the medical computer clients are different from other industries. Medical clients require partners that are familiar with both

professional medical knowledge and capacity. As our company is focused on the market of medical computers, our modes of services and operation are targeted toward services for medical customers, from talent training, professional development, R&D, medical safety compliance testing, control of materials and parts life cycles, international medical ISO validation and medical ISO 13485 certified manufacturing plants. Our company is well-situated to provide design and production services of medical computers that are on an entirely different level from our competitors, and is able to create win-win scenarios for both our clients and ourselves.

### (III) Technology and R&D Status

1. Budget devoted to research and development in the latest fiscal year and at the time of this annual's printing and publishing

Unit: NTD thousands; %

Item \ Year	2022	Consolidated information up till publication date of annual report (March 31, 2023)
R&D budget	86,671	20,217
Net revenues	1,600,265	327,942
As a percentage of net revenues	5.42	6.16

2. Technology or Product Successfully Developed in the past 5 years

Year	Technology or Product
2017	MD101 Android-based Medical Tablet MedPC-2700 Smart Ward Gateway 2nd generation eyeball-control aid
2018	ACCEL Operating Room Medical Server Venus-123/153/173 Mini Mobile Cart Computer XXL ultra-high capacity medical power system 5"~7" mini medical handheld computer
2019	32" Operating Room high-end display XEON grade Medical AI server Ubiquitous Power Solution
2020	Gen 4 Venus Medical Cart Computers Advanced High-Power Power Bank Gen 5 Mate Medical All-in-1 PC Medical AI-Accelerated Server (ACCEL)

	Gen 2 Monitor for Digital OR
2021	Micro AI medical accelerator 5G high-speed transmission medical-grade mobile tablets World's first ultra energy-efficient ARM-based medical tablets for Windows 11
2022	Endoscopy AI Workstation New Generation Medical Device HMI Computer Dental 3D Modeling All-In-One Machine

#### (IV) Long and Short Term Business Development Plans

##### 1. Short-term business development plan

###### (1) Marketing Strategies

###### A. Strengthen the sale channels in Europe, United States, Japan and Australia

- a. Invest in primary market locations, strengthen professional marketing talents to effectively promote new products, employ oversea talents to manage local market.
- b. Invest marketing resources to expand the commercial momentum of primary market channels.
- c. Establish local design and manufacturing service (DMS) capacity, intensify local-for-local client collaboration.
- d. Based on the attributes of application, develop new partnership in the application markets.

###### B. Increase OEM/ODM clients and revenue

- a. Establish a medical-specific DMS (Design and Manufacturing Service) department for rapid service of Tier 1 client needs.
- b. Make good use of Internet marketing tools and proactively participate in major international exhibitions to develop new clients.
- c. Onyx Healthcare products will continue to be competing in domestic and international medical awards to gain customer recognition. ACCEL-JS500 / VM500 / UPower-Pro43 won the Taiwan Excellence Award and the National New Innovation Award.

###### C. Proactively develop in the Asia Pacific Market: Take over the Greater China market with comprehensive healthcare solutions, creating bigger added values. Coincide with the growth curves of New Zealand, Australian and ASEAN to rapidly replicate the successful experiences of Europe and North America.

###### (2) R&D strategies

Our company implements dual-track R&D strategies on co-developing products and technologies. Technology wise, our research encompasses AI, medical IoT technology, remote

monitoring, medical aids, remote sensing, data image packing and transmission technologies. The results of our R&D will be incorporated into future products as newly developed functions, so we can continuously enhance the unique features of our products and maintain industry leadership over rival businesses.

(3) Product strategies

- A. Incorporate AI into medical system and launch AI medical imaging development kit for the acceleration of learning and recognition of medical images and development of remote hardware and software integration platform, achieving significant improvement in healthcare efficiency and precise medical treatment with AI.
- B. Assist domestic and oversea medical institutions to introduce electronic medical records (EMR), medical picture archiving and communication systems (PACS) and clinical information system (CIS), with ICT and Internet of Things (IOT) technologies combined to effectively overcome spatial barriers, allowing patients to receive medical care outside the hospital.
- C. Continue to strengthen R&D technology to develop new products. Work with large AI technology developers such as Intel and NVIDIA to develop medical AI Ready technology platform, deepening the development and application of medical-grade computer and peripheral products.

(4) Plan and implement financial management mechanisms for the company, enhance risk control, and devise intermediate and long-term capital need planning as basis of our financial planning.

2. Long-term business development plans

(1) From medical application platform to vertical medical application solutions.

- A. Establish innovative medical research and development centers, utilize ICT technology to imbue medical behaviors with Sensing, Connecting and Adapting features, accelerate popularization of CPOE (computerized physician order entry) and real-time location system (RTLS) in domestic and oversea medical institutions.
- B. Form alliances with specific hospitals to jointly develop related technology, rapidly integrate medical knowledge and information technology through win-win scenario to greatly reduce the time needed to develop new products.
- C. Collaborate with large medical institutions in Europe, North America and Asia to provide telecare services.
- D. Research AI for use in interpretation of medical images to significantly increase the accuracy of diagnosis and improve the efficiency of physician's diagnostic inquiry.

(2) A-level talent recruitment and training

- A. Make good use of oversea talents to manage local markets.
- B. Establish internal instructor system to train future generations of management talents.

(3) Build Branding

- A. Continue investment in the Onyx brand to maintain tier-one branding status in Europe, North America and China.
- B. Select vertical application markets and introduce new brands of application products.

## II. Market and Sale Status

### (I) Market Analysis

#### 1. Main Regions of Product (and service) Sale (and Provision)

Unit: NTD thousands; %

By Region \ By Year	2021		2022	
	Sales Amount	Proportion	Sales Amount	Proportion
Domestic Sales	16,926	1.41%	31,277	1.95%
Oversea Sales	1,184,834	98.59%	1,568,988	98.05%
Total	1,201,760	100.00%	1,600,265	100.00%

#### 2. Market share

The Company's research and development dimensions include hardware, software, and components. Furthermore, the group's technology and industry-academia collaborations are integrated and applied to the development of new medical products, including physiological monitoring systems, medical controllers, long-term care systems, mobile medical devices, nursing care systems, medical-grade power systems, as well as the design and manufacturing of customized medical computers, etc. The products are marketed globally under the Onyx brand.

Sales in Europe and the Americas are the highest, with both accounting for over 90% of sales. In Europe, most of the products are sold to end-users by distributors; in the Americas, most of the products are sold on an ODM/OEM basis. As the Company's business involves ODM/OEM, some of the customers of its independent brand Onyx purchase the Company's medical-grade computers and sell them with other systems or devices with their medical equipment. There is no relevant market research statistics on market size as the medical computer equipment market is somehow closed. Therefore, based on the sales models and industry characteristics, there is no accurate data to show the market share.

#### 3. Future Market Supply and Demand and Growth Potential

The global aging issue continues to worsen as the aging rate of the population is accelerating. According to the UN's latest report, the average life expectancy of the global population is increasing year by year and the number of senior citizens over 65 years old will increase to 1.6 billion by 2050, accounting for more than 16% of the global population. Coupled with the increased obesity population, sedentary lifestyle and lack of exercise, as well as the excessive use of handheld devices, the degradation of body tissue functions will accelerate. Given this, the demand for aging-related medical devices and

related senior and long-term care business opportunities will continue to thrive. With the implementation of long-term care policies accelerated, the demand for medical care industry is expected to continue to increase. According to BMI Research, the global medical device market in 2021 was approximately USD454.3 billion, a 6.3% increase from 2020. The total value of the global medical device market is expected to continue to increase and is estimated to grow to USD535.2 billion by 2024.

Hence, European countries and the USA are actively launching policies to cut medical expenditure in order to reduce unnecessary medical expenses. For example, US President Obama actively promoted The Patient Protection and Affordable Care Act to try to put more pressure on suppliers in order to provide the most cost-efficient products and services. To suppliers in advanced European countries, the USA, seizing the market of products with a high price-to-performance ratio with quality products at affordable prices is the important issue.

Additionally, due to the uneven distribution of medical resources and the huge rural-urban gap, the authority of emerging countries actively seeks to improve the medical conditions and resources in remote areas through medical reform policies. Although these policies have been expected to accelerate the growth in the medical device demand, financially, they have reflected in the annually increasing medical expenses. Due to limited funds, end-users prefer quality products at prices lower than that of European and US brands. In emerging countries, medical device suppliers can provide products at prices accepted by the market by reducing unnecessary functions on the product and making local maintenance and after-sales services more convenient to attract local users in order to progressively develop brand trust and capture the momentum of business growth in emerging markets.

In terms of the industrial trend, connected health involves sensors and hardware equipment, software and interface, data platform and services. However, most manufacturers focus on the front-end sensors and hardware equipment, and those engaging in monitoring and measuring data equipment are very limited. Additionally, human health data is comprehensive, and there is much more that can be used. Hence, how to monitor, measure, and use more health and physiological parameters with innovative sensing technologies and enhance data accuracy will be the foci of future technology development.

#### 4. Competitive Niche

Besides having rich and comprehensive industry experience, our principle management team is sensible to market changes and can make quick and accurate decisions through a strong sense of purpose. Since the establishment of the Company, the R&D team has been specializing in the R&D of medical computers. With profound and solid research capacity, they can develop products with a high competitive niche.

We have worked with domestic software companies to provide smart hospitals with a total solution to improve the speed and accuracy of data transmission and recording. In addition to effectively allocating human resources, the



solution also improves the efficiency and quality of diagnosis, eliminating the process of data writing by medical staff, achieving 100% data accuracy. In the future, we will work towards the analysis of huge amount of data in order to improve the efficiency of medical practices.

## 5. Advantages and Disadvantages of Development Prospect and Countermeasures

### (1) Advantages

#### A. Contactless medical service opportunities

In response to the pandemic, the demand for telehealth, zero-contact physiological monitoring devices, and personalized medical devices and services increases to boost the sales of Onyx products

#### B. Aging trend boosting market demand growth

As the population structure changes, the world is entering the era of increased aging, low birth rates and growing proportion of chronic disease patients. Factors like these contribute to rising medical expenditures every year. To lower the costs of healthcare and increase service quality and efficiency, the increase in demand of smart healthcare products will become the driving force behind our company's business growth.

#### C. Government policy support

Various governments in the world and healthcare industry are actively investing in smart healthcare to lower the costs of healthcare in the upcoming era of aging society, as well as improving quality and efficiency of healthcare services. These trends will also promote the growth of medical computer industry.

### (2) Disadvantages and countermeasures

#### A. We are a start-up company; our scale and market channels cannot yet compare to major foreign manufacturers.

##### Countermeasures

(A) To tackle market competitions, besides improving services for existing customers, we will emphasize the R&D of products with high quality and higher gross profit to provide customers with more competitive options.

(B) Combine oversea vertical manufacturers and customers to form an ecosystem alliance; actively participate in professional exhibitions.

#### B. Higher emphasis on exportation and at higher risk of changing exchange rate.

##### Countermeasures

(A) Our company's financial department is constantly collecting information on the changing foreign currency exchange rate, and actively consults with our bank partners on foreign exchange information and advice, so we can grasp the most appropriate moment to buy, sell or convert foreign currencies. In addition, factors like changing exchange rates also being considered when providing

price quotes to our clients, so that reasonable profits for our company are guaranteed.

(B) The increasingly strict and complex regulations in countries will contribute to the difficulty of market deployment. We will adopt various marketing layout strategies and business models accordingly.

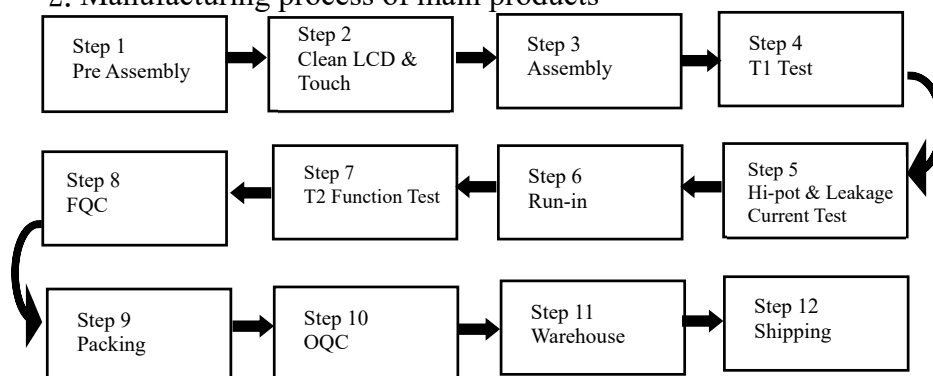
(II) Key applications of main products and manufacturing process

1. Key applications of main products

Product title	Key application
Physiological monitoring system	<ul style="list-style-type: none"> <li>▪ Powerful computational performance and real-time graphical processing for medical needs</li> <li>▪ Medical DICOM display</li> <li>▪ OR/ICU/ER</li> </ul>
Medical controller	<ul style="list-style-type: none"> <li>▪ Fan-less and expansion card module design</li> <li>▪ Greatly reduce the development time of medical equipment</li> <li>▪ Greatly advance the marketing time of medical equipment</li> </ul>
Long-term care system	<ul style="list-style-type: none"> <li>▪ Provide WARD/LTC patients with entertainment and important health education information</li> <li>▪ Significantly increase the efficiency of nursing staff</li> <li>▪ Greatly increase patient satisfaction and reduce return visit rate</li> </ul>
Mobile medical devices	<ul style="list-style-type: none"> <li>▪ Communication tool for wheelchair users with impaired mobility</li> <li>▪ Infra red eye-ball identification system</li> </ul>
Mobile nursing care system	<ul style="list-style-type: none"> <li>▪ Wireless cart for effortless pushing by nursing staff</li> <li>▪ Ergonomic design allows height adjustment within 1 second, conforms to the movement height of nursing staff, as well as transforming into a mobile nursing station</li> </ul>
Medical-grade power system	<ul style="list-style-type: none"> <li>▪ Replaceable batteries for uninterrupted, 24/7 nursing care service</li> <li>▪ Fast 1-minute installation</li> </ul>
Customized medical computer design and	<ul style="list-style-type: none"> <li>▪ Specialized in customized medical computer services</li> <li>▪ One-stop full customization services from planning/design/testing/test production/production/customer service</li> </ul>

Product title	Key application
manufacturing services	

## 2. Manufacturing process of main products



### (III) Supply status of primary raw materials

Name of primary raw materials	Supply status
Peripheral cards	Although most of the shortages of components have eased, some IC materials are still in short supply. This is expected to be lifted in 2023 Q1.
Liquid-crystal display	In 2022, the supply of display was stabilized. Coupled with the impact of global inflation and high inventories, display prices continued to fall.
Metallic chassis	Good
Touch screen panel	Although production stabilized, special attention should be made to transportation and processing to ensure the delivery time.
Memory cards and modules	In 2022, the supply of display was stabilized. Coupled with the impact of global inflation and high inventories, memory prices continued to fall.
Operating system	Good

### (IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale). Describe causes of any variation.

## 1. Main suppliers

Unit: NTD thousands

Item	2021				2022			
	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer
1	AAEON Technology Inc.	192,566	23.67	Parent company	AAEON Technology Inc.	193,771	19.14	Parent company
	Others	620,811	76.33	—	Others	818,729	80.86	—
	Net purchase	813,377	100	—	Net purchase	1,012,500	100	—

Note 1: Suppliers are presented using alias due to confidentiality agreement.

Explanation to variations:

AAEON Technology Inc. represented one of the main suppliers in 2021 and 2022, from which the Company purchases industrial motherboards. The Company's purchases from this company reduced was mainly due to longer delivery periods and an increase in suppliers.

## 2. Main buyers

Unit: NTD thousands

Item	2021				2022			
	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer
1	Company A	107,286	8.93	—	Company A	192,904	12.05	—
	Others	1,094,474	91.07	—	Others	1,407,361	87.95	—
	Net sales	1,201,760	100.00	—	Net sales	1,600,265	100.00	—

Note 1: Buyers are presented using alias due to confidentiality agreement. The

Company did not sell more than 10% to certain customers in 2021.

Explanation to variations:

Company A is the Company's ODM customer, mainly due to the increase in the shipment of new models.

## (V) Production volume and value in the last two years

Unit: volume: pieces; value: NTD thousands

Year Production volume/value Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value

Medical computing solutions and accessories	30,000	24,954	523,273	30,000	28,722	738,024
Others (Note)	—	—	—	—	—	—
Total (Note)	—	—	523,273	—	—	738,024

Note: Production volume excludes accessories. Others represents income from service rendered, hence neither production volume nor value is presented.

(VI) Sales volume and value in the last two years

Unit: volume: thousand pieces; value: NTD thousands

Year Sales volume/value Main products	2021				2022			
	Domestic Sales		Oversea Sales		Domestic Sales		Oversea Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Medical computing solutions and accessories	48,797	16,842	191,138	1,151,978	18,040	31,776	166,476	1,526,941
Others (Note)	—	84	—	32,856	—	118	—	41,430
Total (Note)	—	16,926	—	1,184,834	—	31,894	—	1568,371

Note: Others represents income from service rendered, hence no sales volume is presented.

III. Latest information on employees within the last 2 years and up to the date of printing and publishing of this annual

Year	2021	2022	Up to the date of printing and publishing of this annual, March 31, 2023	
Number of employees	Managers	12	11	12
	General employees	111	109	109
	Direct labor	23	26	26
	Total	146	146	147
Average age (years)	42.66	43.82	44.76	
Average service years (year)	5.20	5.30	5.34	
Distribution of education experience	Doctorate	0	1	1
	Master	37	34	35
	University or College-level	89	88	88

	High-school	20	23	23
	High-school or lower	1	0	0

Note: employees do not include board members with a position within the company

#### IV. Information on environmental expenses

- (I) Describe any losses (including compensation) incurred from environment pollution, the total amount of penalty fines, and disclose any possible costs of future measures (including improvement plans) within the past year and up to the date of printing and publishing of this annual (may include estimated amounts of loss from failure to implement measures, penalties and compensation; please specify the reasons if the amount could not be reasonably estimated): none.

#### V. Labor Relation

- (I) The company's various employment benefits, advancement studies, training, retirement system and implementation status, labor-management agreements and various enforcements of employee rights and benefits.

##### 1. Employee benefits and implementation status

###### (1) Insurance

In addition to the Labor and National Health Insurance as required by national regulation, all of our employees are covered with group insurance (including accident insurance and inpatient medical insurance), and offer discounted coverage premium on group insurance for the family members of our employees.

###### (2) Occupational safety and health

A. We organize annual physical examinations on site for all of our employees; bi-annual hospital physical examinations for supervisors; we also incorporated surveys on overwork and mental health scale, musculoskeletal (human-factors engineering) survey for the benefit of work, physical and mental balance of our employees. Interpretation of physical examination reports and analysis of health status are available during physical examination; in-house physician arranges seasonly consultation on health status for our employees.

###### B. Occupational safety organization and personnel

In order to promote occupational safety and health, we have designated occupational safety and health organization and dedicated personnel (professionals including OH&S personnel, class I occupational safety and health affairs managers, factory doctors and nurses), and report for recordation. We will also establish an OH&S committee to periodically review the progress

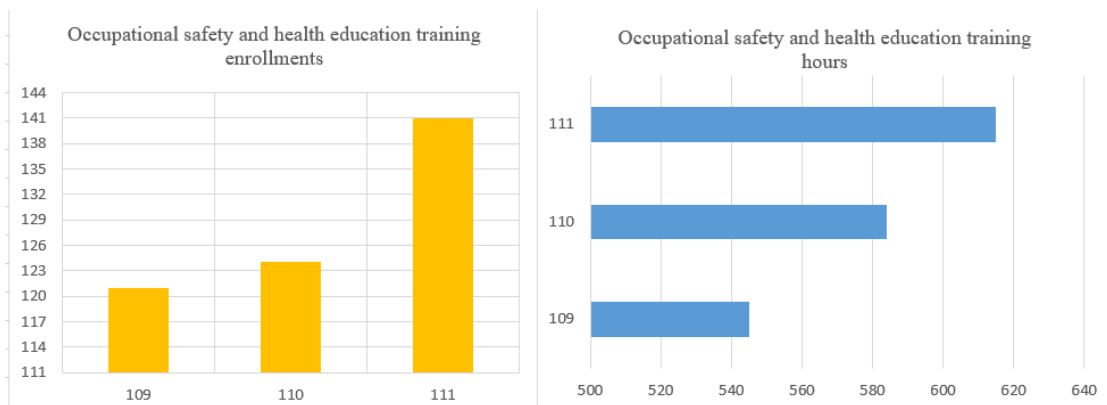
and effectiveness of various OH&S affairs and implement workplace health promotion activities to value employees' mental and physical health.

C. Occupational safety and health management measures

The company formulates occupational safety management plans, management charter and work guidelines as part of the occupational safety and health management measures, so that the employee's occupational safety awareness can be elevated to enhance safety and health measures. There have been no occupational hazardous events in the past 3 years; we continue to maintain and protect the safety of our workplace.

D. Occupational safety and health education training

New employees receive occupational safety and health education training upon arrival, which contains courses on Occupational Safety and Health Act, safe and health work rules, automatic inspection, standard operation procedures, emergency response, fire and first-aid; we also arrange annual occupational safety and health training for all of our employees; professional personnel participate in respective professional education training (e.g., first-aid personnel, occupational safety management personnel, fire hazard personnel, etc.).



E. Monitoring of work environments

We value the work environment safety and health of our employees, therefore we implement monitoring of work environments every 6 months, and seasonal testing of drinking water. We evaluate the labor environments and exposure to hazardous factors through sampling, surveillance and analysis, so as to guarantee the workplace safety and health of our employees.

F. Facility safety management

We regularly implement automatic inspection and maintenance

of various equipment and machinery, ensuring their operations are normal. We also conduct annual fire safety equipment check and repair, replacing or improving any malfunctioning fire and evacuation equipment, so that our machinery and equipment remain safe.

G. Contractor management

As the risks of contractor hazards are high, to protect the safety of our contractors, we devised contractor management documents and implemented hazard notification, education training and construction application before any contracted work, which prevents occupational hazards from happening.

H. Fire safety

We formulated fire hazard self-defense teams and participate in 6-months fire evacuation drills and practice courses organized by the management committee, which direct our employees to perform evacuation drills and practice operation of fire extinguishers, so that when real emergency comes, everyone can remain calm and reduce losses to personnel and property.

(3) Welfare benefits

The labor welfare committee of our company provides each employee with 10,000 NTD benefit bonus points per year, which can be spent on cultural activities organized by the welfare committee, tourism subsidies, club subsidies, department dinners and self-inspirational activities.

(4) Employee assistance

We have selected qualified professional consulting firms and signed employee assistance contracts with them to provide employees with psychological consultation; employees may consult on issues such as work, life, parent-children relationship, marriage, relationship, emotion, stress and health conditions. A monthly psychologist column and regular metal health seminars are available for employees to maintain mental and spiritual health.

(5) Leaves and vacations

We provide paid vacations according to the Labor Standards Act. Employees and supervisors can check their vacation status through an online system, which helps to maintain work-life balance of our colleagues.

(6) Employee satisfaction survey

We conduct annual employee satisfaction surveys to understand our employee's identification of the organization and job satisfaction. Feedbacks from our employees will be incorporated as key reference indicators for the company's next year policies.



(7) Marriage, Funerals and Festivals

We regularly issue monthly birthday coupons to our employees, and plan seasonal meetings and birthday activities per season. All of our employees will congratulate people with birthday in the current month. We also issue a fixed subsidy for employee's marriage or funeral occasions, hospitalization and major catastrophes.

2. Retirement system and implementation status

We implement defined contribution pension plan for our employees as stipulated by the Labor Pension Act. Six percent of the monthly wages are borne by our company as retirement pension for our employees, and are deposited into the personal accounts of labor pension.

3. Employee advancement and training status

To improve the quality and work proficiency of our employees, we actively encourage employees to participate in various training courses. In addition to planning internal training courses for the purpose of professional knowledge and skill inheritance, employees may also apply for external training as necessary for work or business affair-related needs.

4. Labor-management agreement

Our labor-management relationship has been harmonious so far without major labor-management disputes.

5. Protection of various employee benefits and rights

The protection of our employee's benefits and rights are based on current legislation. We also designed various document-based regulations that clearly defined the employee's rights and duties, so that their due rights and benefits are properly maintained.

(II) Losses incurred by labor-management disputes as of the current year and up to the date of printing and publishing of this annual. Disclose any estimated amount for current or future disputes and response measures.

As of the current year and up to the date of printing and publishing of this annual, there have been no labor-management disputes.

VI. Important contracts:

Agreement	Counterparty	Period	Major Content	Restriction
Short-term Loan Contract	Mega ICBC	2022/4/22~2023/4/21	Capital turnover	None
	Taishin International Bank	2022/6/19~2023/6/30	Capital turnover	None
	CTBC	2022/11/1~2023/10/31	Capital turnover	None
Long-term Loan Contract	Mega ICBC	2021/4/22~2036/5/28	Motion for purchase of real property	None

## SIX Financial Summary

### I. Summary balance sheet, statement of comprehensive income, auditors and audit opinions for the last 5 years

#### (I) Summary balance sheet and statement of comprehensive income

##### 1. Condensed balance sheets (consolidated)

Unit: NTD thousands

Year		Financial information in the past five years				
		2018	2019	2020	2021	2022
Item		2018	2019	2020	2021	2022
Current Assets		1,150,423	776,699	763,280	698,415	939,028
Property, plant and equipment		27,157	23,781	20,440	24,321	296,155
Intangible Assets		966	553	5,134	4,589	5,593
Other Assets		26,656	577,853	604,351	974,608	726,132
Total Assets		1,205,202	1,378,886	1,393,205	1,701,933	1,966,908
Current Liabilities	Before allocation	247,405	288,720	279,181	431,310	318,887
	After allocation	377,453	420,769	402,977	331,526	(Note 1)
Total non-current liabilities		33,876	70,155	61,175	235,857	247,132
Total Liabilities	Before allocation	281,281	358,875	340,356	667,167	566,019
	After allocation	411,329	490,924	464,152	567,383	(Note 1)
Equity attributable to owners of the parent		907,992	1,007,930	1,042,936	1,025,895	1,391,843
Share capital		200,075	220,082	275,102	302,612	332,612
Capital surplus		473,856	473,856	478,566	462,673	679,472
Retained earnings	Before allocation	264,933	354,255	334,261	310,506	413,685
	After allocation	134,885	222,206	210,465	210,722	(Note 1)
Other Equity		(30,872)	(40,263)	(44,993)	(49,896)	(33,926)
Treasury shares		—	—	—	—	—
Non-controlling interest		15,929	12,081	9,913	8,871	9,046
Total Equity	Before allocation	923,921	1,020,011	1,052,849	1,034,766	1,400,889
	After allocation	793,873	887,962	929,053	934,982	(Note 1)

Source: Based on audited financial statements

Note 1: 2022 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

## 2. Condensed balance sheet (separate)

Unit: NTD thousands

Year		Financial information in the past five years				
		2018	2019	2020	2021	2022
Item						
Current Assets		1,009,156	616,517	588,578	528,952	793,282
Property, plant and equipment		21,076	19,602	17,572	22,105	293,776
Intangible Assets		966	553	5,134	4,589	5593
Other Assets		123,402	678,113	718,084	1,082,668	821,565
Total Assets		1,154,600	1,314,785	1,329,368	1,638,314	1,914,216
Current Liabilities	Before allocation	212,778	240,952	229,444	377,834	275,757
	After allocation	342,826	373,001	105,648	510,879	(Note 1)
Total non-current liabilities		33,830	65,903	56,988	234,585	246,616
Total Liabilities	Before allocation	246,608	306,855	286,432	612,419	522,373
	After allocation	376,656	438,904	437,738	745,464	(Note 1)
Equity attributable to owners of the parent		907,992	1,007,930	1,042,936	1,025,895	1,391,843
Share capital		200,075	220,082	275,102	302,612	332,612
Capital surplus		473,856	473,856	478,566	462,673	679,472
Retained earnings	Before allocation	264,933	354,255	334,261	310,506	413,685
	After allocation	134,885	222,206	210,465	210,722	(Note 1)
Other Equity		-30,872	(40,263)	(44,993)	(49,896)	(33,926)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total Equity	Before allocation	907,992	1,007,930	1,042,936	1,025,895	1,391,843
	After allocation	777,944	875,881	891,630	892,850	(Note 1)

Source: Based on audited financial statements

Note 1: 2022 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

### 3. Condensed statement of comprehensive income (consolidated)

Unit: NTD thousands

Year Item	Financial information in the past five years				
	2018	2019	2020	2021	2022
Operating revenue	1,424,672	1,482,944	1,347,304	1,201,760	1,600,265
Gross Profit	464,582	542,644	464,007	363,728	472,306
Operating Income	181,657	236,626	160,661	74,511	145,392
Non-operating Income and Expenses	46,254	53,284	41,951	65,601	96,642
Profit before income tax	227,911	289,910	202,612	140,112	242,034
Income (Losses) from Continuing Operations for the year	191,395	235,529	164,907	126,509	203,138
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	191,395	235,529	164,907	126,509	203,138
Other comprehensive income for the year (Net of income tax)	(27,166)	(9,391)	(4,730)	(4,903)	15,970
Total comprehensive income for the year	164,229	226,138	160,177	121,606	219,108
Profit attributable to shareholders of the parent	194,906	239,377	167,075	127,551	202,963
Profit attributable to Non-controlling interests	(3,511)	(3,848)	(2,168)	(1,042)	175
Total comprehensive income attributable to shareholders of the parent	167,740	229,986	162,345	122,648	218,933
Total comprehensive income attributable to Non-controlling interests	(3,511)	(3,848)	(2,168)	(1,042)	175
Earnings per share	9.74	10.88	6.07	4.22	6.24

Source: Based on audited financial statements

Note: Earnings per share are calculated based on the weighted-average number of outstanding shares for the year.

4. Condensed statement of comprehensive income (separate)

Unit: NTD thousands

Year Item	Financial information in the past five years				
	2018	2019	2020	2021	2022
Operating revenue	1,074,717	1,157,701	966,340	935,272	1,329,319
Gross Profit	350,979	409,571	315,160	261,184	373,965
Operating Income	181,043	236,603	146,497	79,686	178,800
Non-operating Income and Expenses	46,377	50,567	52,153	61,164	63,033
Profit before income tax	227,420	287,170	198,650	140,850	241,833
Income (Losses) from Continuing Operations for	194,906	239,377	167,075	127,551	202,963
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	194,906	239,377	167,075	127,551	202,963
Other comprehensive income for the year (Net of income tax)	(27,166)	(9,391)	(4,730)	(4,903)	15,970
Total comprehensive income for the year	167,740	229,986	162,345	122,648	218,933
Earnings per share	9.74	10.88	6.07	4.22	6.24

Source: Based on audited financial statements

Note: Earnings per share are calculated based on the weighted-average number of outstanding shares for the year.

(II) Name of CPA and Auditors' Opinions for the last five years

Auditing Year	Name of accounting firm	Name of CPA	Opinions
2018	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Tseng Hui-Chin	Unqualified Opinion
2019	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Lin, Chun-Yao	Unqualified Opinion
2020	PricewaterhouseCoopers Taiwan	Weng, Shih-Jung Lin, Chun-Yao	Unqualified Opinion
2021	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao Weng, Shih-Jung	Unqualified Opinion
2022	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao Weng, Shih-Jung	Unqualified Opinion

## II. Financial analysis for the last 5 years

### (I) Financial analysis for consolidated report

Item (Note 1)		Financial analysis in the past five years				
		2018	2019	2020	2021	2022
Financial structure(%)	Ratio of liabilities to assets	23.34	26.03	24.43	39.20	28.78
	Ratio of long-term capital to Property, plant and equipment	3,526.89	4,584.19	5,450.22	5,224.39	566.47
Solvency(%)	Current ratio	465.00	269.01	273.40	161.93	294.47
	Quick ratio	388.60	203.65	203.26	95.22	190.75
	Times interest earned	1,123.71	230.54	426.66	54.21	69.04
Operating ability	Account receivable turnover (times)	6.30	6.92	7.79	6.14	6.36
	Days sales in accounts receivable	58	53	47	59	57
	Inventory turnover (times)	4.89	4.76	4.25	3.15	3.28
	Account payable turnover (times)	8.29	7.98	7.97	7.45	9.59
	Average days in sales	75	77	86	120	111
	Property, plant and equipment turnover (times)	59.14	58.23	60.94	53.70	9.99
	Total assets turnover (times)	1.22	1.15	0.97	0.78	0.87
Profitability	Ratio of return on total assets (%)	16.42	18.31	11.93	8.31	11.23
	Ratio of return on equity(%)	21.33	24.23	15.91	12.12	16.68
	Ratio of profit before tax to Paid-in capital (%)	113.91	131.73	73.65	46.30	72.77
	Profit ratio (%)	13.43	15.88	12.24	10.53	12.69
	Earnings per share (\$)	9.74	10.88	6.07	4.22	6.24
Cash flow	Cash flow ratio(%)	68.75	130.39	68.45	3.97	50.74
	Cash flow adequacy ratio(%)	120.7751	153.444	140.57	77.34	82.64
	Cash reinvestment ratio(%)	3.95	40.48	9.63	- 7.79	3.52
Leverage	Degree of operating leverage	2.56	2.29	2.89	4.88	3.25
	Degree of financial leverage	1.00	1.01	1.00	1.04	1.03

Variation of financial ratios in the last 2 years (not required for variations below 20%):



1. Ratio of liabilities to assets decreased: This was mainly due to cash capital increase in 2022, resulting in an increase in current assets.
2. Ratio of long-term capital to property, plant and equipment decreased: This was mainly due to the increase in net shareholders' equity from cash capital transactions and reclassification of investment property in 2022.
3. Current ratio, quick ratio and Interest coverage ratio increased: This was mainly due to the growth in 2022 revenue and cash capital increase, resulting in an increase in cash and accounts receivable at the end of the period.
4. Account payable turnover (times) increased: This was mainly due to the increase in revenue in 2022.
5. Capital to property, plant and equipment turnover (times) decreased: This was mainly due to the reclassification of investment property in 2022.
6. Ratio of return on total assets, Ratio of return on equity, Ratio of profit before tax to paid-in capital, Profit ratio and Earnings per share increased: This was mainly due to the overall revenue and profit growth in 2022.
7. Cash flow ratio increased: This was mainly due to good profitability in 2022, resulting in an increase in cash inflow from operating activities.
8. Cash reinvestment ratio increased: This was mainly due to good profitability in 2022, resulting in an increase in cash inflow from operating activities.
9. Degree of operation leverage decreased: This was mainly due to the increase in operating income in 2022 compared to 2021.

Note 1 Formulas of the above calculations are shown below:

1. Financial position

(1) Debt to asset ratio = total liabilities/ total assets.

(2) Long-term capital to fixed assets ratio = (net shareholders' equity + long-term liabilities) / net fixed assets.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.

(3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.

3. Operating efficiency

(1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).

(2) Average cash collection days = 365 / receivables turnover.

(3) Inventory turnover = cost of sales/average inventory balance.

(4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).

(5) Average inventory turnover days = 365 / inventory turnover.

(6) Fixed asset turnover = net sales / average net fixed assets.

(7) Total asset turnover = net sales / average total assets.

#### 4. Profitability

(1) Return on assets = (net income + interest expenses x (1 - tax rate)) / average asset balance.

(2) Return on shareholders' equity = net income / average shareholders' equity.

(3) Net profit margin = net income / net sales.

(4) Earnings per share = (net income - preferred share dividends) / weighted average outstanding shares.

#### 5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital).

#### 6. Degree of leverage

(1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.

(2) Degree of financial leverage = operating profit / (operating profit - interest expense).

## 2. Financial analysis for separate report

Item (Note 1)		Financial analysis in the past five years				
		2018	2019	2020	2021	2022
Financial structure(%)	Ratio of liabilities to assets	21.36	23.34	21.55	37.38	27.29
	Ratio of long-term capital to Property, plant and equipment	4,468.69	5,478.18	6,259.53	5,702.24	557.72
Solvency(%)	Current ratio	474.28	255.87	256.52	140.00	287.67
	Quick ratio	402.93	190.32	186.08	73.81	187.67
	Times interest earned	10,830.52	1,458.72	1,274.40	65.94	78.63
Operating ability	Account receivable turnover (times)	5.30	6.38	7.69	5.73	5.84
	Days sales in accounts receivable	69	57	47	64	62
	Inventory turnover (times)	5.04	4.68	3.82	3.04	3.24
	Account payable turnover (times)	8.65	7.35	7.75	8.53	10.17
	Average days in sales	72	78	96	120	113
	Property, plant and equipment turnover (times)	54.22	56.92	51.99	47.14	8.42
	Total assets turnover (times)	0.97	0.94	0.73	0.63	0.75
Profitability	Ratio of return on total assets (%)	17.59	19.40	12.65	8.71	11.57
	Ratio of return on equity(%)	21.92	24.99	16.29	12.33	16.79
	Ratio of profit before tax to Paid-in capital (%)	113.67	130.48	72.21	46.54	72.71
	Profit ratio (%)	18.14	20.68	17.29	13.64	15.27
	Earnings per share (\$)	9.74	10.88	6.07	4.22	6.24
Cash flow	Cash flow ratio(%)	85.08	149.15	81.95	5.10	83.58
	Cash flow adequacy ratio(%)	135.64	158.50	143.98	75.95	87.99
	Cash reinvestment ratio(%)	5.71	47.54	11.83	- 7.75	7.51
Leverage	Degree of operating leverage	1.94	1.72	2.16	3.32	2.13
	Degree of financial leverage	1.00	1.00	1.00	1.03	1.02

Variation of financial ratios in the last 2 years (not required for variations below 20%):

1. Ratio of liabilities to assets decreased: This was mainly due to cash capital increase in 2022, resulting in an increase in current assets.
2. Ratio of long-term capital to property, plant and equipment decreased: This was mainly due to the increase in net shareholders' equity from cash capital transactions and reclassification of investment property in 2022.

3. Current ratio and quick ratio increased: This was mainly due to the growth in 2022 revenue and cash capital increase, resulting in an increase in cash and accounts receivable at the end of the period.
4. Property, plant and equipment turnover (times) decreased: This was mainly due to the reclassification of investment property in 2022.
5. Ratio of return on total assets, Ration of return on equity, Ration of profit before tax to paid-in capital, Profit ratio and Earnings per share increased: This was mainly due to the overall revenue and profit growth in 2022.
6. Cash flow ratio increased: This was mainly due to good profitability in 2022, resulting in an increase in cash inflow from operating activities.
7. Cash reinvestment ratio increased: This was mainly due to good profitability in 2022, resulting in an increase in cash inflow from operating activities.
8. Degree of operation leverage decreased: This was mainly due to the increase in operating income in 2022 compared to 2021.

Note 1: Formulas of various calculations presented in this chart are explained in Note 1 of section 1. Consolidated financial analysis

### III. Audit Committee's report on the review of the latest financial report

#### Audit Committee Report

We have reviewed the Company's 2022 business report, financial statements and earnings appropriation proposal prepared by the board of directors. The financial statements have been audited by CPA Lin, Chun - Yao and CPA Weng, Shih-Jung of PriceWaterhouseCoopers Taiwan, to which the firm has issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements or earnings appropriation, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For

Onyx Healthcare Inc.  
2023 Annual General Meeting

Audit Committee convener: Liao, Hsiu-Mei

February 21, 2023

- IV. Latest financial statements: please refer to pages 145 to 225.
- V. The latest audited standalone financial statements: Please refer to pages 226 to 310.
- VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position in the last year up till the publication date of annual report: None.

## SEVEN Review and analysis of financial position and business performance, and risk management issues

### I. Financial position

Unit: NTD thousands; %

Item \ Year	2022	2021	Difference	
			Amount	%(Note 1)
Current assets	\$939,028	\$698,415	240,613	34.45%
Property, plant and equipment	296,155	24,321	271,834	1117.69%
Intangible assets	5,593	4,589	1,004	21.88%
Other assets	726,132	974,608	(248,476)	-25.49%
Total assets	1,966,908	1,701,933	264,975	15.57%
Current liabilities	318,887	431,310	(112,423)	-26.07%
Non-current liabilities	247,132	235,857	11,275	4.78%
Total liabilities	566,019	667,167	(101,148)	-15.16%
Share capital	332,612	302,612	30,000	9.91%
Capital surplus	679,472	462,673	216,799	46.86%
Retained earnings	413,685	310,506	103,179	33.23%
Total equity	1,400,889	1,034,766	366,123	35.38%

Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):

1. Current assets increased: This was due to 2022 cash capital increase, resulting in an increase in cash and cash equivalents.
2. Property, plant and equipment increased: The increase was mainly due to the reclassification of real property in 2022.
3. Other assets decreased: The decrease was mainly due to the reclassification of real estate to investment real property in 2022.
4. Current liabilities increased: This was mainly due to the repayment of short-term bank loans in 2022.
5. Total liabilities, Share capital, Capital surplus and Retained earnings increased: This was mainly due to the 2022 cash capital increase and growth of revenue, resulting in an increase in net income after tax.
6. Other assets increased: This was mainly due to the purchase of real property.
7. Total assets increased: This was mainly due to inventory and purchase of real property.
8. Current liabilities increased: This was mainly due to an increase in short-term bank loans for turnover and an increase in accounts payable during the inventory period in 2021.

9. Non-current liabilities increased: The new long-term loans were mainly due to the purchase of real property.
10. Total liabilities increased: This was mainly due to an increase in long-term and short-term loans in the period.

Note 1: Variation percentage is presented in relative terms, by setting previous year's value at 100%.



## II. Financial performance

### (I) Comparative analysis of operating performance

Unit: NTD thousands; %

Item \ Year	2022	2021	Amount change	Ratio change
				%(Note 1)
Operating revenues	\$1,600,265	\$1,201,760	398,505	33.16%
Operating costs	1,127,959	838,032	289,927	34.60%
Gross profit	472,306	363,728	108,578	29.85%
Operating expenses	326,914	289,217	37,697	13.03%
Operating profit	145,392	74,511	70,881	95.13%
Non-operating income and expenses	96,642	65,601	31,041	47.32%
Profit before income tax	242,034	140,112	101,922	72.74%
Income tax expenses	38,896	13,603	25,293	185.94%
Profit for the year	203,138	126,509	76,629	60.57%
Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):				
1. Operating revenues, Operating costs, Gross profit and Operating profit increased: This was mainly due to the growth of revenue and profit.				
2. Non-operating income and expenses increased: This was mainly due to the appreciation of the U.S. dollar.				
3. Profit before income tax, Income tax expenses and Profit for the year increased: This is mainly due to the increase in revenue and profit.				
1. Gross profit decreased: This was mainly due to a depreciation of the U.S. dollar exchange rate and an increase in the prices of raw materials.				
2. Operating profit decreased: Mainly due to reduced revenues and profits.				
3. Non-operating income and expenses decreased: This was mainly due to an increase in investment gains recognized using the equity method.				
4. Pre-tax profit, income tax expense, and current net income decreased: Mainly due to reduced revenues and profits.				

Note 1: Variation percentage is presented in relative terms, by setting previous year's value at 100%.

### (II) Expected sales, the basis of estimation, likely impacts on the Company's future financial position, and response plans

The Company specializes in the supply of medical computers and has accumulated a strong customer base in America and Europe due to the quality of products offered. The Company has also been active investing into the Greater China region and exploring opportunities in the fast-growing Chinese market. Given its innovative and R&D capacity, the Company is confident

with its ability to capitalize on the market's growth and generate revenues and profits in return. In 2023, Onyx will continue building on top of its successful experience and execute strategies in ways that secure its future growth momentum.

### III. Cash flow

#### (I) Analysis of cash flow variations in the last year

Unit: NTD thousands

Item	Year	2021	2020	Variation	Variation (%)
Operating activities		161,791	17,128	144,663	844.60
Investing activities		(31,032)	(332,060)	301,028	(90.65)
Financing activities		6,032	109,893	(103,861)	(94.51)
Net cash inflow (outflow)		145,993	(209,471)	355,464	(169.70)
Analysis of cash flow variation:					
(1) Operating activities: This was mainly due to the increase in operating revenues and profits in 2022.					
(2) Investing activities: This was mainly due to the purchase of real estate in 2021.					
(3) Financing activities: This was mainly due to the 2022 decrease in short-term loans and cash capital increase and bank loan repayment.					

(II) Improvements for lack of liquidity: Not applicable.

#### (III) Liquidity analysis for the next year

Unit: NTD thousands

Opening cash balance	Projected net cash flow from operating activities for the year	Projected net cash inflow (outflow) from investing and financing activities	Expected cash surplus (deficit)	Financing of projected cash deficits	
				Investment plans	Financing plans
328,886	177,970	(240,305)	266,551	—	—
1. Analysis of cash flow variation for the next year:					
(1) Operating activities: Net cash inflow was mainly attributed to business growth and sustained profitability					
(2) Investing and financing activities: No major investment activities are expected to take place in the coming year.					
(3) Financing activities: This was mainly due cash dividends, plant relocation and acquisition of real property.					
2. Financing of projected cash deficits: not applicable.					

### IV. Material capital expenditures in the last year and impact on business performance

The Company did not have significant capital expenditure in the most recent year.

V. Investment policies in the last year; describe any causes of profit or loss, improvement plans, and investment plans for the next year

(I) Investment policies of the Company

The Company mainly invests in businesses that are relevant to its core activities, and has appointed departments to oversee compliance with internal control system, the "Investment Cycle," "Transaction Procedures for Affiliated Enterprises, Specific Companies and Related Parties" and "Asset Acquisition and Disposal Procedures." All policies and procedures above have been discussed and passed during board of directors meetings or shareholder meetings.

(II) Main cause of profit or loss incurred on investments in the last year

Unit: NTD thousands

Invested businesses	Investment gains (losses) recognized in 2022	Main causes of profit or loss incurred and improvement plans
ONYX HEALTHCARE USA, INC.	(20,292)	The revenue for selling the Company's products in the Americas was reduced due to the impact of COVID-19, resulting in an increase in costs and a decrease in gross profit.
ONYX HEALTHCARE EUROPE B.V.	164	Service income for distributing the Company's products in Europe.
Onyx Healthcare (Shanghai) Inc.	(1,895)	Due to the adjustment to business patterns, the investment loss was reduced by NT\$639,000 compared to last year.
iHelper Inc.	148	Due to the adjustment to business patterns was increase in gross profit to last year.
Winmate Inc.	62,936	The company yielded favorable results.

(III) Investment plans for the coming year: None.

VI. Analysis of risk issues

(I) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures

1. Impact of interest rate variation to the Company's profitability, and future response measures

The Company and subsidiaries reported NT\$2,633 thousands and NT\$2,633 thousands of interest expense in the last two years, representing 1.88% and 1.47% of pre-tax profit, respectively. Given the insignificant

weight, a change in interest rate should not have any material impact on the Company's operations. The interest expenditures were mainly due to an increase in the purchase of real property and long-term and short-term loans. The Company monitors bank borrowing rates on a regular basis and maintains good relationship with banks to secure preferential rates for reduced interest expense. Furthermore, given the Company's strong financial position, good credibility and conservative capital plans, future interest rate changes should not impact the Company's overall operations to any significant degree.

2. Impact of exchange rate variation to the Company's profitability, and future response measures

The ratio of foreign exchange gain (loss) to operating income for 2022 recognized by the Company and its subsidiaries in 2022 was 1.2%. The change in exchange rate had no significant impact on the Company.

3. Impact of inflation on the Company's profit and loss, and response measures

Neither the Company nor its subsidiaries sell products directly to consumers; therefore inflation has no direct or immediately impact on the Company. Furthermore, there has been no change in inflation that significantly affected the Company's profit performance in the last year or up till the publication date of annual report.

(II) Policies on high-risk and highly leveraged investments, loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

1. Policies on high-risk and highly leveraged investments; describe the main causes of profit or loss incurred and future response measures

The Company remains focused on core business activities and adopts a conservative management approach. It did not engage in any high-risk or highly leveraged investment in the last year up till the publication date of annual report.

2. Policies on loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

(1) The Company has implemented "External Party Lending Procedures."; no external party lending was offered to external party as of the publication date of annual report.

(2) The Company has implemented "External Party Lending Endorsement and Guarantee Procedures"; no endorsement or guarantee was offered to external party as of the publication date of annual report.

(3) We operate derivative transactions in accordance with "Asset Acquisition and Disposal Procedures" in a conservative and cautious manner. We engage in derivative transactions primarily to hedge against exchange rate risks and transact only with financial institutions of good credit standing.

(III) Future R&D projects and projected R&D budget

1. Future R&D projects are as follow:

On the forefront of Medical AI and AIoT industry trends, our current research scope includes professional medical AI edge-computing technology, AIoT, integrated operating room output technology, integrated solutions for mobile nursing care, sensing technology, medical AI platform, medical mobile power stations and extended battery life technology, remote management update and technology for medical workstations, outdoor emergency aid devices and machine self-diagnostic technology. Results from these studies will be incorporated as new features of newly developed products, so that we can continuously enhance the uniqueness of our products, and increase market share through industry-leading technology.

For long-term research, to accelerate the application and development of AI in medical industry, we plan to develop various AI platforms and invest R&D resources on medical image deep-learning and AI-assisted diagnosis interpretation, so as to maintain our industry leading status.

2. Projected R&D budgets are as follow:

The research and development budgets invested by our company are formulated based on the development progress of new products and technology. To ensure and elevate our company's competitive advantage, we will continue to invest human resources and materials on the development of new products, and make adjustments based on operational status and needs to promote the completion of novel products.

(1) Annual R&D budget for the past 5 years, accounting for 5% ~7% of the annual revenue

Unit: NTD thousands

Year	2018	2019	2020	2021	2022
R&D budget	66,154	68,973	68,635	79,351	86,671

- (2) Projected R&D budget for 2023: NT\$ 80 million
- A. Customized medical equipment design: NT\$ 5 million.
  - B. Medical AI edge computing technology: NT\$ 10 million
  - C. Operating room integrated output technology: NT\$ 5 million
  - D. Integrated solution for mobile nursing care: NT\$ 10million
  - E. Medical sensing and wireless transfer technology: NT\$ 5 million
  - F. Remote management and update technology for medical workstations: NT\$ 5 million
  - G. Medical AI platform and AIoT: NT\$ 20 million
  - H. Medical mobile power station and high-life battery technology: NT\$ 5 million.
  - I. Outdoor emergency care aids and machine self-diagnostic technology: NT\$ 15 million

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company complies with local and foreign regulations with respect to its operations. It pays constant attention to political and regulatory developments local and abroad. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year up till the publication date of this annual report.

(V) Financial impacts and response measures in the event of technological or industrial change

The Company constantly monitors changes in technology. As the population ages, demand for medical computing solutions increases worldwide, and the Company is well-positioned in terms of distribution network to observe industry changes and plan and respond accordingly. The Company also invests persistently into researching and developing new technologies as means to strengthen competitive advantage. There has been no change in technology or industry practice in the last year up till the publication date of annual report that significantly affected the Company's financial position or business performance.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image

Driven by relentless pursuit for innovation and integrity and a mission to satisfy customers' needs, the Company has built a strong corporate image

and earned the preference and trust of many customers by marketing its products under the proprietary brand - "onyx." No change in corporate image or crisis had occurred in the last year up till the publication date of annual report.

(VII) Expected benefits, risks and response measures of planned mergers or acquisitions

The Company did not merge or acquire other companies in the last year up till the publication date of this annual report.

(VIII) Expected benefits, risks and response measures associated with plant expansion

Not applicable.

(IX) Risks and response measures associated with concentrated sales or purchases

1. Sales

Customers of the Company include system integrators, distributors, manufacturers and medical institutions. The largest customer accounted for 12.05% of the Company's net sales in the most recent year, and no excessive sales concentration was noticed.

2. Purchases

AAEON Technology Inc. has been our largest supplier in recent years, accounting for 19.14% of our net purchases. It mainly supplies us with industrial motherboards. The input amount is higher because most of our products are customized. We selected AAEON mainly due to quality concerns. To ensure supply flexibility and stability, we will source and assess new suppliers.

This year, suppliers of parts and components are affected by global inflation and high inventories. Although some parts are still out of stock, the supply situation is expected to stabilize and ease compared to the previous year.

(X) Impacts, risks and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest

None.

(XI) Impacts, risks and response measures associated with a change of management

The Company encountered no change of management in the last year up till the publication date of annual report that impacted its operations.

- (XII) Major litigations, non-contentious cases, or administrative litigations involving the Company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders or security prices of the Company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of this annual report

None.

(XIII) Other important risks and response measures

1. Information security risk assessment

(1) Information security policy

To comply with international trends in information security management and client's information security needs, our company passed the ISO-9001 certification in April of 2011. By introducing the ISO-9001 information security management system, we have realized information security policies to ensure the security of data collection, processing, transmission, storage and circulation, and enhanced our response capacity of information security. The internal audit mechanism assures the performance and improvement of information security to reduce internal information security risk.

To strengthen our employee's information security awareness, we organize information security training for new employees, and also infrequently distribute information security related knowledge via emails and training courses, advocating knowledge related to information security.

(2) Information security and network risks

While the methods of cyber attacks are changing rapidly, a good information system should avoid cyber attacks launched by malware and phishing via email or denial of service attacks, which will result in production and business interruptions and data leakage.

We proactively strengthen information security to ensure the security of information systems and data.

A. Installing firewalls: Protection including IPS, web filtering,



and antivirus is in place.

- B. Multilayered network architecture: Security rules are established for individual subnetworks.
- C. Mail filter: Filter emails containing viruses, phishing, spam, and malware.
- D. Privilege management: Management by account privileges.
- E. Security updates of operating systems.
- F. Deployment of antivirus software.
- G. Implementation of EDR protection.
- H. Multi-factor authentication.
- I. Offsite backup.
- J. Construction of a virtual machine for backup.

(3)Impacts of major information security event and response measures

Our company's IT department conducts practice drill at least once per year based on the regulation of emergency response to information security. This is so that our IT personnel can immediately perform related operation procedures during an information security event. We also repeated review and amend the emergency response regulation to ensure their appropriateness and suitability.

Through internal and external audits, there were no major deficiencies identified in 2022.

VII. Other material issues: None.

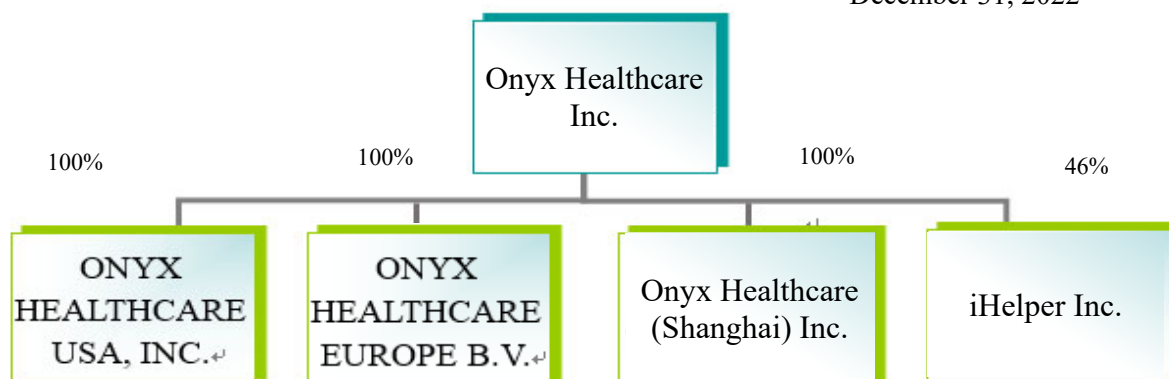
## EIGHT Special remarks

### I. Affiliated enterprises

#### (I) Consolidated business report

##### 1. Affiliated enterprises chart

December 31, 2022



##### 2. Profile of affiliated companies

December 31, 2022

Unit: NTD thousands

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
ONYX HEALTHCARE USA, INC.	2011.11.22	CA Office: 324 W. Blueridge Ave., Orange, CA 92865	61,420	Sale of medical computing solutions and accessories
ONYX HEALTHCARE EUROPE B.V.	2012.4.20	Primulalaan 42,5582 GL Waalre, The Netherlands	3,272	Sale of medical computing and its peripherals
Onyx Healthcare (Shanghai) Inc.	2014.9.15	20F, unit D, GEM Building, No.487 Tianlin Road, Shanghai, China	64,749	Sale of medical computing solutions and accessories
iHelper Inc.	2018.2.26	10F., No.99, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	36,000	Research and development and sales of medical robots

3. Controlling and controlled entities, as defined in Article 369-3 of The Company Act: None

4. Businesses covered by affiliated companies:

The Company and its affiliated companies are primarily involved in the design, manufacturing, processing and sale of medical computing solutions and accessories.

5. Directors, supervisors, and President of affiliated companies:

December 31, 2022

Company name	Position	Name or name of representative	Shareholding	
			Shares (thousands)	Shareholding percentage
ONYX HEALTHCARE USA, INC.	Chairman	Onyx Healthcare Inc.- Chuang, Yung-Shun	200	100%
	Director & President	Onyx Healthcare Inc.-Zhuang Fujun	–	–
	Director	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
ONYX HEALTHCARE EUROPE B.V.	Chairman	Onyx Healthcare Inc.- Chuang, Yung-Shun	100	100%
	Director	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	Onyx Healthcare Inc.- Chuang, Yung-Shun	Note	100%
	Director & President	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
	Director	Onyx Healthcare Inc.-Hsu, Chin-Lung	–	–
	Supervisor	Onyx Healthcare Inc.-Tu, Yun-Chen	–	–
iHelper Inc.	Chairman	Kinpo Electronics, Inc.- Chen, Wei-Chan	1,584	44%
	Director	Onyx Healthcare Inc.- Chuang, Yung-Shun	1,656	46%
	Director & President	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
	Director	Kinpo Electronics, Inc.- Hsiao, Ching-Hua	–	–
	Director	Lee, Tsu-Der	–	–
	Supervisor	Xi, Zhi-Jun	–	–

Note: Limited liability company

6. Performance of affiliated companies

December 31, 2022  
Unit: NTD thousands

Company name	Share capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Current period profit (loss) (after tax)	Earnings per share (NTD) (after tax)
ONYX HEALTHCARE USA, INC.	61,420	219,919	129,528	90,391	664,979	(31,045)	(20,292)	Note
ONYX HEALTHCARE EUROPE B.V.	3,272	32,625	12,572	20,053	64,566	684	164	Note
ONYX HEALTHCARE (SHANGHAI) LTD.	64,749	7,557	922	6,635	522	(2,059)	(1,895)	Note
IHELPER INC.	36,000	16,829	78	16,751	2,292	306	323	0.09

Note: Limited liability company, hence not applicable.

(II) Consolidated financial statements of affiliated companies

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under Statement of Financial Accounting Standards No. 7 for financial year 2022. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared. Declaration concerning consolidated financial statements of affiliated companies is presented in page 144

(III) Relationship report: Not applicable.

- II. Private placement of securities in the last year and up till the publication date of annual report: None.
- III. Holding or disposal of the Company's shares by subsidiaries in the last year and up till the publication date of annual report: None.
- IV. Other supplementary information: None.
- V. Occurrences significant to shareholders' equity or securities price, as defined in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, in the last year up till the publication date of annual report: None.

ONYX Healthcare Inc.

Declaration concerning consolidated financial statements of affiliated enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for the 2022 financial year (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements. Therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

This declaration is solemnly made by

Company name: Onyx Healthcare Inc.

Person-in-charge: Chuang, Yung-Shun

February 21, 2023

## Independent Auditor's Report

(112)-Cai-Shen-Bao-Zi No. 22003193

To stakeholders of ONYX Healthcare Inc.:

### **Audit opinion**

We have audited the accompanying consolidated balance sheet of ONYX Healthcare Inc. and subsidiaries (referred to as "ONYX Group" below) as at December 31, 2022 and 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement from January 1 to December 31, 2022 and 2021, and notes to consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit results of other auditors (please refer to the Other Issues paragraph), all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of ONYX Group as of December 31, 2022 and 2021, and consolidated business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

### **Basis of audit opinion**

We have conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the auditing standards of the Republic of China. Our responsibilities as an auditor under the abovementioned standards are further explained in the "Consolidated financial statement auditing responsibilities" paragraph below. All relevant personnel of the accounting firm have followed CPA code of ethics of the Republic of China and maintained independence from ONYX Group, and fulfilled other responsibilities under the code of ethics. We believe that the evidence obtained from audit and reports made by other auditors provide an adequate and appropriate basis for our opinion.

### **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of ONYX

Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 consolidated financial statements of ONYX Group are as follows:

**Existence of revenues from new top-10 buyers**

Description

Please refer to Note 4(30) for accounting policy on revenue recognition. For a detailed description of revenue accounts, please refer to Note 6(21) of the consolidated financial statements.

ONYX Group is mainly involved in the design, manufacturing, and sale of medical computers. Due to the fact that medical computers are customized for specific purposes, the sale of which is highly susceptible to cyclicity and varies from customer to customer, project to project. For this reason, ONYX Group is constantly in need of exploring new markets and meet orders for different projects, causing changes in top-10 buyers. After comparing ONYX Group's top-10 buyers in 2022 and 2021, new buyers added to this year's top-10 list were considered to have a significant effect on the consolidated revenues of ONYX Group. As a result, we have identified ONYX Group's new buyers in the top-10 list as one of the key audit issues this year.

Audit procedures

The following audit procedures were taken in relation to the audit issue described above:

1. Assessment and testing of internal control processes on sales transactions to determine whether transactions were carried out according to the group's internal control system during the reporting period.
2. Review on the industry background and profile of the new top-10 buyers.
3. Random checks for proof of revenue and transaction with new top-10 buyers in the current period.

## **Accounting estimates for inventory valuation**

### Description

For accounting policies on inventory valuation, please refer to Note 4(13) of the consolidated financial statements; for major accounting estimates, assumptions, and uncertainties on inventory valuation, please refer to Note 5(2) of the consolidated financial statements; for detailed inventory accounts, please refer to Note 6(4) of the consolidated financial statements.

ONYX Group is mainly involved in the design, manufacturing, and sale of medical computers. Due to the long useful life of medical computers, ONYX Group is required to maintain inventory of certain products and peripherals for longer periods of time in order to meet customers' needs for long-term supply and maintenance. Any change in customers' purchase order or under-performance of the market would cause fluctuation in product pricing or slow down the rate at which inventory is sold, therefore increasing risk of loss on devaluation or obsolescence. ONYX Group accounts for normal inventory at the lower of cost and net realizable value; inventory that exceeds certain duration of time or has been individually identified as obsolete will have loss provisions made on an item-by-item basis according to the devaluation loss provisioning policy.

ONYX Healthcare makes timely adjustments to inventory levels in response to changes in market demand and the Company's development strategies. The Company carries a wide variety of medical computers, which also makes up a substantial portion of the Company's product portfolio and a high amount of inventory. Furthermore, evaluation of net realizable value on obsolete inventory often involves subjective judgments, making the estimated amount prone to uncertainties, and was one of the key areas we had to verify as part of our audit. For this reason, we have identified the estimation of inventory valuation losses as one of the key audit issues for this year.

### Audit procedures

The following audit procedures were taken in relation to the audit issue described above:

1. Evaluating the policy adopted by ONYX Group to make provisions for inventory devaluation losses, based on our understanding of the group's operations and industry nature.



2. Examining details of individual inventory items that the management had considered to be obsolete, and verifying against supporting documents.
3. Testing the market prices based upon which net realizable values of individual inventory items were established, and making random checks to ensure that net realizable values were correctly calculated.

### **Other issues - audits by other auditors**

Amongst the equity-accounted business investments presented in the consolidated financial statements of ONYX Group, some of which had financial statements audited by other CPAs that we did not take part in. Therefore, opinions made in the consolidated financial statements mentioned above in regards to such businesses were based on audited reports of other CPAs. As of December 31, 2022 and 2021, balances of the abovementioned equity-accounted investments totaled NT\$606,637 thousand and NT\$561,275 thousand, representing 31% and 33% of consolidated total assets, respectively. For the periods from January 1 to December 31, 2022 and 2021, comprehensive income recognized from the abovementioned companies totaled NT\$74,696 thousand and NT\$49,261 thousand, representing 34% and 41% of consolidated comprehensive income, respectively.

### **Other issues - standalone financial statements**

ONYX Healthcare Inc. has prepared standalone financial statements for 2022 and 2021, to which we have issued an independent auditor's report with unqualified opinion and made additional disclosures in the Other issues paragraph.

### **Responsibilities of the management and governance body to the consolidated financial statements**

Responsibilities of the management were 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 International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether due to fraud or error.

The management's responsibilities when preparing financial statements also involved:

assessing the ability of ONYX Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governing body of ONYX Group (including the Audit Committee) is responsible for supervising the financial reporting process.

### **Auditor's responsibilities in the audit of consolidated financial statements**

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. Reasonable assurance provides a high degree of certainty. However, audit tasks conducted in accordance with auditing principles of the Republic of China do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with audit principles Republic of China, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of ONYX Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of ONYX Group to operate as a going concern, based on the audit evidence obtained. We are

bound to remind consolidated financial statement users and make related disclosures if material uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or circumstances may still render ONYX Group no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of individual entities within the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the group.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2022 consolidated financial statements of ONYX Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

PwC Taiwan

CPA

Lin, Chun-Yao

Weng, Shih-Rong

(Formerly known as) Securities and Futures  
Commission, Ministry of Finance

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

(Formerly known as) Securities and Futures  
Commission, Ministry of Finance

Approval reference: (88)-Tai-Cai-Zheng-(VI) No. 95577

February 21, 2023

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 328,886	17	\$ 182,893	11
1110	Financial assets at fair value through profit or loss - current	6(2)	7,211	-	10,125	1
1170	Net accounts receivable	6(3)	264,279	14	202,843	12
1180	Accounts receivable - related parties, net	7	1,046	-	2,673	-
1200	Other receivables		4,120	-	4,564	-
1220	Current income tax asset		1,030	-	6,092	-
130X	Inventory	6(4)	311,527	16	271,219	16
1410	Prepayments		19,230	1	16,486	1
1470	Other current assets	8	1,699	-	1,520	-
11XX	<b>Total current assets</b>		<u>939,028</u>	<u>48</u>	<u>698,415</u>	<u>41</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	26,956	1	36,406	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	27,536	2	32,381	2
1550	Equity-accounted investments	6(6)	606,637	31	561,275	33
1600	Property, plant and equipment	6(7) and 8	296,155	15	24,321	2
1755	Right-of-use assets	6(8) and 7	36,421	2	44,683	3
1760	Investment property - net	6(10), 7, and 8	-	-	277,645	16
1780	Intangible assets		5,593	-	4,589	-
1840	Deferred income tax assets	6(26)	25,015	1	18,994	1
1900	Other non-current assets	8	3,567	-	3,224	-
15XX	<b>Total non-current assets</b>		<u>1,027,880</u>	<u>52</u>	<u>1,003,518</u>	<u>59</u>
1XXX	<b>Total assets</b>		<u>\$ 1,966,908</u>	<u>100</u>	<u>\$ 1,701,933</u>	<u>100</u>

(Continued next page)

Liabilities and equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loans	6(11)	\$ -	-	\$ 105,000	6
2130	Contractual liabilities - current	6(21)	64,733	3	75,755	5
2170	Accounts payable		83,348	4	91,857	5
2180	Accounts payable - related parties	7	23,009	1	32,673	2
2200	Other payables	6(13) and 7	74,270	4	73,754	4
2230	Current income tax liabilities		46,954	3	18,846	1
2250	Liability reserves - current	6(16)	7,367	-	6,272	-
2280	Lease liabilities - current	7	5,746	-	10,513	1
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,376	1	10,744	1
2399	Other current liabilities - others		3,084	-	5,896	-
21XX	<b>Total current liabilities</b>		<u>318,887</u>	<u>16</u>	<u>431,310</u>	<u>25</u>
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	67,860	4	42,138	3
2540	Long-term loans	6(14)	144,910	7	155,043	9
2550	Liability reserves - non-current	6(16)	2,327	-	1,999	-
2570	Deferred income tax liabilities	6(26)	-	-	1,278	-
2580	Lease liabilities - non-current		30,887	2	34,251	2
2645	Guarantee deposits received	7	1,148	-	1,148	-
25XX	<b>Total non-current liabilities</b>		<u>247,132</u>	<u>13</u>	<u>235,857</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>566,019</u>	<u>29</u>	<u>667,167</u>	<u>39</u>
<b>Equity</b>						
<b>Equity attributable to parent company shareholders</b>						
	Share capital	6(18)				
3110	Common share capital		332,612	17	302,612	18
	Capital reserves	6(17)(19)				
3200	Capital reserves		679,472	35	462,673	27
	Retained earnings	6(20)				
3310	Legal reserves		131,410	7	118,655	7
3320	Special reserves		49,896	2	44,993	3
3350	Unappropriated earnings		232,379	12	146,858	8
	Other equity items					
3400	Other equity items		( 33,926)	( 2)	( 49,896)	( 3)
31XX	<b>Total equity attributable to parent company shareholders</b>		<u>1,391,843</u>	<u>71</u>	<u>1,025,895</u>	<u>60</u>
36XX	<b>Non-controlling equity</b>	4(3)	<u>9,046</u>	<u>-</u>	<u>8,871</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>1,400,889</u>	<u>71</u>	<u>1,034,766</u>	<u>61</u>
	Major post-balance sheet date events	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,966,908</u>	<u>100</u>	<u>\$ 1,701,933</u>	<u>100</u>

Item	Note	2022		2021		
		Amount	%	Amount	%	
4000	Operating revenues	6(21) and 7	\$ 1,600,265	100	\$ 1,201,760	100
5000	Operating costs	6(4)(24)				
		(25) and 7	( 1,127,959)	( 71)	( 838,032)	( 70)
5900	Gross profit		472,306	29	363,728	30
	Operating expenses	6(24)				
		(25) and 7				
6100	Selling expenses		( 162,364)	( 10)	( 139,758)	( 12)
6200	Administrative expenses		( 79,228)	( 5)	( 69,206)	( 6)
6300	R&D expenses		( 86,671)	( 5)	( 79,351)	( 6)
6450	Expected credit impairment gain (loss)	12(2)	1,349	-	( 902)	-
6000	Total operating expenses		( 326,914)	( 20)	( 289,217)	( 24)
6900	Operating profit		145,392	9	74,511	6
	Non-operating income and expenses					
7100	Interest income		981	-	137	-
7010	Other income	6(22) and 7	26,254	2	14,754	1
7020	Other gains and losses	6(23) and 7	10,028	-	3,150	-
7050	Financial costs		( 3,557)	-	( 2,633)	-
7060	Share of profits/losses on equity-accounted associated companies and joint ventures		62,936	4	50,193	4
7000	Total non-operating income and expenses		96,642	6	65,601	5
7900	<b>Pre-tax profit</b>		242,034	15	140,112	11
7950	Income tax expense	6(26)	( 38,896)	( 2)	( 13,603)	( 1)
8200	<b>Current net income</b>		\$ 203,138	13	\$ 126,509	10

(Continued next page)

Item	Note	2022		2021		
		Amount	%	Amount	%	
<b>Other comprehensive income (net)</b>						
<b>Items not reclassified into profit or loss</b>						
8316	Unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income	6(5)	(\$ 4,845)	( 1)	\$ -	-
8320	Share of other comprehensive income from equity-accounted associated companies and joint ventures - not reclassified into profit or loss		11,164	1	( 387)	-
8310	Items not reclassified into profit or loss - total		6,319	-	( 387)	-
<b>Items likely to be reclassified into profit or loss</b>						
8361	Financial statement translation differences arising from foreign operations		11,319	1	( 4,963)	-
8370	Share of other comprehensive income from equity-accounted associated companies and joint ventures - likely to be reclassified into profit or loss		596	-	( 545)	-
8399	Income tax on items that are likely to be reclassified into profit or loss	6(26)	( 2,264)	-	992	-
8360	Items likely to be reclassified into profit or loss - total		9,651	1	( 4,516)	-
8300	<b>Other comprehensive income (net)</b>		<u>\$ 15,970</u>	<u>1</u>	<u>(\$ 4,903)</u>	<u>-</u>
8500	<b>Total comprehensive income for the current period</b>		<u>\$ 219,108</u>	<u>14</u>	<u>\$ 121,606</u>	<u>10</u>
Net income (loss) attributable to:						
8610	Parent company shareholders		\$ 202,963	13	\$ 127,551	10
8620	Non-controlling equity		175	-	( 1,042)	-
	Total		<u>\$ 203,138</u>	<u>13</u>	<u>\$ 126,509</u>	<u>10</u>
Comprehensive income attributable to:						
8710	Parent company shareholders		\$ 218,933	14	\$ 122,648	10
8720	Non-controlling equity		175	-	( 1,042)	-
	Total		<u>\$ 219,108</u>	<u>14</u>	<u>\$ 121,606</u>	<u>10</u>
EPS						
9750	Basic earnings per share	6(27)	<u>\$ 6.24</u>		<u>\$ 4.22</u>	
9850	Diluted earnings per share		<u>\$ 6.20</u>		<u>\$ 4.20</u>	



2021

Balance as at January 1, 2021		\$ 275,102	\$ 478,566	\$ 101,948	\$ 40,263	\$ 192,050	(\$ 7,984 )	(\$ 37,009 )	\$ 1,042,936	\$ 9,913	\$ 1,052,849
Current net income (loss)		-	-	-	-	127,551	-	-	127,551	( 1,042 )	126,509
Other current comprehensive income		-	-	-	-	-	( 4,516 )	( 387 )	( 4,903 )	-	( 4,903 )
Total comprehensive income for the current period		-	-	-	-	127,551	( 4,516 )	( 387 )	122,648	( 1,042 )	121,606
Appropriation and distribution of 2020 earnings:	6(20)										
Provision for legal reserves		-	-	16,707	-	( 16,707 )	-	-	-	-	-
Provision for special reserves		-	-	-	4,730	( 4,730 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 123,796 )	-	-	( 123,796 )	-	( 123,796 )
Stock dividends	6(18)	27,510	-	-	-	( 27,510 )	-	-	-	-	-
Distribution of cash from capital reserves	6(19)(20)	-	( 27,510 )	-	-	-	-	-	( 27,510 )	-	( 27,510 )
Share-based payment	6(17)(19)	-	11,617	-	-	-	-	-	11,617	-	11,617
Balance as at December 31, 2021		\$ 302,612	\$ 462,673	\$ 118,655	\$ 44,993	\$ 146,858	(\$ 12,500 )	(\$ 37,396 )	\$ 1,025,895	\$ 8,871	\$ 1,034,766

2022

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		-	-	-	-	202,963	-	-	202,963	175	203,138
Other current comprehensive income		-	-	-	-	-	9,651	6,319	15,970	-	15,970
Total comprehensive income for the current period		-	-	-	-	202,963	9,651	6,319	218,933	175	219,108
Appropriation and distribution of 2021 earnings:	6(20)										
Provision for legal reserves		-	-	12,755	-	( 12,755 )	-	-	-	-	-
Provision for special reserves		-	-	-	4,903	( 4,903 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 99,784 )	-	-	( 99,784 )	-	( 99,784 )
Cash issue	6(18)(19)	30,000	233,100	-	-	-	-	-	263,100	-	263,100
Cost of cash issue reserved for subscription by employees as remuneration	6(17)(19)	-	8,174	-	-	-	-	-	8,174	-	8,174
Distribution of cash from capital reserves	6(19)(20)	-	( 33,261 )	-	-	-	-	-	( 33,261 )	-	( 33,261 )
Share-based payment	6(17)(19)	-	8,786	-	-	-	-	-	8,786	-	8,786
Balance as at December 31, 2022		\$ 332,612	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849 )	(\$ 31,077 )	\$ 1,391,843	\$ 9,046	\$ 1,400,889

Cash flow from operating activities

Pre-tax profit for the current period		\$	242,034	\$	140,112
Adjustments					
Income, expenses, and losses					
Depreciation	6(7)(8)(24)		23,109		24,818
Depreciation of investment properties (presented as other gains and losses)	6(10)(23)				
			1,627		541
Amortization	6(24)		2,095		1,678
Expected credit impairment (gain) loss	12(2)	(	1,349 )		902
Loss on financial assets or liabilities at fair value through profit or loss	6(2)(12)(23)		12,468		921
Interest expenses			3,557		2,633
Interest income		(	981 )	(	137 )
Dividend income	6(22)	(	3,709 )	(	6,218 )
Share-based payment - remuneration	6(17)		16,960		11,617
Share of profit from equity-accounted associated companies		(	62,936 )	(	50,193 )
Gain on disposal of property, plant, and equipment	6(23)	(	250 )		-
(Gain) loss on lease amendment	6(8)(23)	(	91 )		6
Gain on elimination of overdue contract liabilities	6(22)	(	3,986 )		-
Change in assets/liabilities related to operating activities					
Net change in assets related to operating activities					
Financial assets mandatory to be carried at fair value through profit or loss		(	19 )		-
Notes receivable			-		49
Accounts receivable		(	60,049 )	(	51,564 )
Accounts receivable - related parties			1,627	(	2,025 )
Other receivables			444	(	1,440 )
Inventory		(	40,308 )	(	91,914 )
Prepayments		(	2,744 )		27
Other current assets		(	88 )	(	257 )
Net change in liabilities related to operating activities					
Financial liabilities held for trading			-	(	55 )
Contractual liabilities			18,596		9,816
Accounts payable		(	8,509 )		33,242
Accounts payable - related parties		(	9,664 )	(	5,187 )
Other payables			1,139		5,264
Other payables - related parties			1,125	(	516 )
Liability reserves			1,423	(	343 )
Other current liabilities		(	2,722 )		1,808
Cash inflow from operating activities			128,799		23,585
Interests received			981		137
Dividends received			48,845		45,889
Interests paid		(	3,580 )	(	2,581 )
Income tax refunded			5,906		-
Income tax paid		(	19,160 )	(	49,902 )
Net cash inflow from operating activities			161,791		17,128

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Cash flow from investing activities

Acquisition of financial assets at fair value through profit or loss		( \$	5,335 )	( \$	3,623 )
Disposal of financial assets at fair value through profit or loss			5,250		-
Acquisition of financial assets at fair value through other comprehensive income			-	(	30,000 )
Acquisition of equity-accounted investments		(	15,802 )	(	14,584 )
Acquisition of property, plant, and equipment	6(28)	(	11,952 )	(	294,769 )
Disposal of property, plant, and equipment			250		19
Acquisition of intangible assets		(	3,099 )	(	1,133 )
(Increase) decrease in guarantee deposits paid (presented as other current and non-current assets)		(	344 )		12,030
Net cash outflow from investing activities		(	31,032 )	(	332,060 )

Cash flow from financing activities

(Decrease) increase in short-term loans	6(29)	(	105,000 )		105,000
Borrowing of long-term loan	6(29)		-		172,000
Repayment of long-term loan	6(29)	(	10,501 )	(	6,213 )
Repayment of lease principal	6(29)	(	8,522 )	(	10,736 )
Increase in guarantee deposits received			-		1,148
Cash issue	6(18)		263,100		-
Cash dividends paid	6(20)	(	99,784 )	(	123,796 )
Distribution of cash from capital reserves	6(19)	(	33,261 )	(	27,510 )
Net cash inflow from financing activities			6,032		109,893
Exchange rate impact			9,202	(	4,432 )
Increase (decrease) in cash and cash equivalents in current period			145,993	(	209,471 )
Opening cash and cash equivalents balance	6(1)		182,893		392,364
Closing cash and cash equivalents balance	6(1)	\$	328,886	\$	182,893

ONYX Healthcare Inc. and Subsidiaries  
Notes to consolidated financial statements  
For 2022 and 2021

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 February 21, 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 2022:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 3 regarding "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 regarding "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendment to IAS 37 regarding "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Improvements for years 2018-2020	January 1, 2022

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

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

<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.

(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

Below is a summary of significant accounting policies used for the preparation of consolidated financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(I) Statement of compliance

This consolidated financial report has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IFRS, IAS and interpretations thereof (collectively referred to as IFRSs below).

## (II) Basis of preparation

1. This consolidated financial report is prepared based on historical cost, except for items including financial assets and liabilities at fair value through profit or loss (including derivatives) and financial assets at fair value through other comprehensive income.
2. Preparation of IFRSs-compliant financial report 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 in relation to the consolidated financial report.

## (III) Basis of consolidation

1. Basis of preparation for consolidated financial report
  - (1) The Group includes all subsidiaries for the preparation of consolidated financial report. A subsidiary refers to an entity in which the Group exercises control. The Group is considered to exercise control if it is exposed or entitled to variable returns generated by the entity and has the power to influence such return. Subsidiaries are included in the consolidated financial report from the day the Group gains control and removed from the day control is lost.
  - (2) Any transactions, balances, and unrealized gains/losses between the same group Group companies have been eliminated. The subsidiaries have made the necessary adjustments to align their accounting policies with that of the Group.
  - (3) All compositions of profit and loss and other comprehensive income are attributable to parent company shareholders and non-controlling shareholders. At the same time, the total comprehensive income is also attributable to parent company shareholders and non-controlling shareholders, even if doing so would cause non-controlling shareholders to suffer losses.
  - (4) Transfers of equity ownership in a subsidiary with non-controlling shareholders that do not result in a loss of control are accounted as equity transactions and treated as transactions between business owners. The difference between the adjusted amount in non-controlling equity and the fair value of the consideration paid/received is directly recognized directly in equity.
  - (5) When the Group loses control in a subsidiary, remaining investments in the former subsidiary are remeasured at fair value and presented as the initial fair value of the reclassified financial asset or the cost of the reclassified associated company or joint venture. Differences between the fair value and the book value are recognized in current profit and loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for on the same basis as if the Group had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously

recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified from equity into profit and loss when the Group loses control in the subsidiary.

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>December 31, 2022</u>	<u>December 31, 2021</u>	
The Company	ONYX HEALTHCARE USA, Inc. (OHU)	Sale of medical computers and peripherals	100	100	
The Company	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical computers and peripherals	100	100	
The Company	Onyx Healthcare (Shanghai) Inc. (OCI)	Sale of medical computers and peripherals	100	100	
The Company	iHELPER Inc. (iHELPER)	Research, development, and sale of medical robots	46	46	Note

Note: 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 significant to the Group: The Group had non-controlling equity outstanding at \$9,046 and \$8,871 on December 31, 2022 and 2021, respectively. None of the non-controlling shareholders were significant to the Group.

(IV)Foreign currency conversion

All items listed in the financial report of every entity within the Group are measured using the currency of the main economic environment where the respective entity operates (i.e. the functional currency). This consolidated financial report is presented using the Company's functional currency - "NTD."

## 1. Foreign currency transaction and balance

- (1) Foreign currency transactions are converted into the functional currency using the spot exchange rate at the transaction date or measurement date. Differences arising from the conversion of such transactions are recognized in current profit and loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are converted using the spot exchange rate as at the balance sheet date. Differences arising from exchange rate fluctuation are recognized as current period gain or loss.
- (3) For non-monetary assets and liabilities denominated in foreign currencies, those that are carried at fair value through profit or loss will have balances converted using the spot exchange rate as at the balance sheet date, and any exchange differences arising from the adjustment will be recognized in current profit and loss; those that are carried at fair value through other comprehensive income will have balances converted using the spot exchange rate as at the balance sheet date, and any exchange differences arising from the adjustment will be recognized in other comprehensive income; those that are not carried at fair value will have balances converted using the historical exchange rate applicable at the time when the transaction was initiated.
- (4) All gains and losses on the exchange are presented as "Other gains and losses" in the statement of comprehensive income.

## 2. Currency conversion for foreign operations

For Group entities and associated companies that have a functional currency different from the presentation currency, performance results and financial position are converted into the presentation currency using the following methods:

- (1) Every asset and liability in the balance sheet is converted using the exchange rate as at the balance sheet date;
- (2) Every income, expense, and loss in the statement of comprehensive income is converted using the average exchange rate for the given period; and
- (3) All exchange differences are recognized in other comprehensive income.

## (V) Classification of current and non-current assets and liabilities

### 1. Assets that satisfy any of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Assets that are expected to be realized within 12 months after balance sheet date.
- (4) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the balance sheet date, and those with restricted uses.

The Group classifies all assets that do not satisfy the above criteria as non-current assets.

### 2. Liabilities that satisfy any of the following criteria are classified as current liabilities:



- (1) Liabilities that are expected to be settled over the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Liabilities that are due to be settled within 12 months after the balance sheet date.
- (4) Liabilities with repayment terms that can not be extended unconditionally for more than 12 months after the balance sheet date. Classification of liability is unaffected even if there are terms that give counterparties the option to be repaid in the form of equity instruments.

The Group classifies all liabilities that do not satisfy the above criteria as non-current liabilities.

#### (VI) Cash equivalents

Cash equivalent refers to short-term and highly liquid investments that are readily convertible into known amounts of cash and are prone to an insignificant risk of changes in value. Time deposits that meet the abovementioned definitions and are held for a tenor of less than three months from initiation to meet short-term cash commitments are stated as cash equivalents.

#### (VII) Financial assets at fair value through profit or loss

1. Refers to financial assets that are not carried at cost after amortization or at fair value through other comprehensive income.
2. The Group adopts trade day accounting to account for financial assets at fair value through profit or loss that conform with normal trade terms.
3. These items are recognized at fair value at initiation with transaction costs recognized through profit and loss and subsequently assessed at fair value with gains or losses recognized through profit and loss.
4. Dividend income is recognized in the consolidated statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

#### (VIII) Financial assets at fair value through other comprehensive income

1. Refers to equity instruments not held for trading for which an irrevocable choice was made at initiation to account for subsequent fair value changes through other comprehensive income.
2. The Group adopts trade day accounting to account for financial assets at fair value through other comprehensive income that conforms with normal trade terms.
3. These assets are recognized at fair value at initiation inclusive of transaction cost, and are subsequently measured at fair value:
  - A. Changes in the fair value of equity instruments are recognized through other comprehensive income. When the asset is removed from the balance sheet, all cumulative

gains/losses previously recognized through other comprehensive income can not be reclassified to profit and loss and are transferred to retained earnings instead. Dividend income is recognized in the consolidated statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

(IX)Accounts receivable

1. Refers to accounts that the Company may collect unconditionally as consideration for the transfer of merchandise or rendering of service, according to the terms of the respective contracts.
2. Short-term accounts receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(X)Impairment of financial assets

Accounts receivable with significant financing components are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit a significant increase in credit risk after initial recognition have loss reserves measured based on expected credit loss over the remaining duration. Accounts receivable that do not contain significant financing components have loss reserves measured based on expected credit loss over the remaining duration.

(XI)Removal of financial assets

Financial assets are removed from the balance sheet when entitlement to contractual cash inflow has ended.

(XII)Lease transaction as a lessor - operating lease

Income from the operating lease net of any incentive granted to the lessee is amortized on a straight-line basis over the lease duration and recognized in current profit or loss.

(XIII)Inventory

Inventory is stated at the lower of cost or net realizable value. The amount in cost is determined using the weighted average method. The cost of finished goods and work-in-progress includes raw material, direct labor, other direct costs, and production-related overheads (allocated based on normal production capacity), but excludes the cost of borrowing. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business less

estimated costs to be incurred for completion and estimated costs necessary to complete the sale.

(XIV)Equity-accounted investments - associated companies

1. Associated company refers to an entity in which the Group exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Group accounts for associated companies using the equity method. Value at initial acquisition is accounted for at cost.
2. Share of profits/losses from associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the Group's share of losses in an associated company equals to or exceeds its equity interest in the associated company (including any other unsecured receivables), the Group will not recognize the extra losses unless the Group has a legal obligation or constructive obligation to pay, or has paid, liabilities on behalf of the associated company.
3. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income, and shareholding percentage, the Group will recognize the change of ownership proportionally in "Capital reserve."
4. Unrealized gains arising from transactions between the Group and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Group.
5. If the Group disposes of an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Group had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Group loses significant influence in the associated company. If the Company still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.

(XV)Property, plant and equipment

1. All property, plant and equipment are recorded at cost.
2. Subsequent costs incurred are added to book value or recognized as separate assets only

when future economic benefits associated with the costs are likely to be realized by the Group. Such costs can be reliably measured. Book values of replaced components are removed from the balance sheet. All other maintenance expenses are recognized in current profit and loss when incurred.

3. Property, plant and equipment are subsequently measured at cost (except for land, which is not depreciated) and are depreciated on a straight-line basis over their estimated useful lives. Significant compositions of property, plant, and equipment are depreciated separately.
4. The Group reviews the residual value, useful life, and depreciation method of all assets at the end of each financial year. If the residual value or useful life differs from the previous estimate, or if there is any material change to how an asset's future economic benefit is realized, the difference would be treated as a change in accounting estimate according to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" from the day the change occurs. The useful lives of various asset categories are explained in Note 6(7).

(XVI) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Group recognizes a right-of-use asset and a lease liability on the day the lease asset becomes available for use. For short-term lease and lease of low-value asset, lease payments are expensed using the straight-line method over the lease tenor.
2. Lease liability is recognized on the lease start date as the present value of outstanding lease payments discounted at the Group's incremental borrowing rate. Lease payments are made in fixed amounts and presented net of any lease incentives collectible.

Leases are subsequently measured at cost after amortization using the interest approach with interest expenses provided over the lease tenor. Lease liabilities will be re-evaluated for any change in lease tenor or lease payment that is not caused by modification of contract terms. In which case, the amount in remeasurement will be adjusted to right-of-use assets.

3. Right-of-use assets are recognized at cost on the lease start date. The cost includes:
  - (1) Initial measured amount in lease liability; and
  - (2) Any direct cost incurred at initiation.

Right-of-use assets are subsequently measured using the cost approach with depreciation expenses provided over the useful life or lease tenor, whichever expires the earlier. When lease liability is re-assessed, the right-of-use asset is adjusted for any remeasurement made to lease liability.

4. If there is any contract amendment that reduces the scope of the lease, the lessor will reduce the book value of the right-of-use asset accordingly to reflect partial or total

termination of the lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

(XVII)Investment property

Investment properties are recognized at cost at initiation, and subsequently measured using the cost approach. Except for land, investment properties are depreciated on a straight-line basis over the estimated useful life, which is 30 years.

(XVIII)Intangible assets

Intangible asset mainly comprises the cost of computer software, which is amortized using the straight-line method over 3 years.

(XIX)Impairment of non-financial assets

For assets that show signs of impairment on the balance sheet date, the Group first estimates the recoverable amount in such assets. It recognizes impairment losses if the recoverable amount is lower than the book value. The recoverable amount refers to the higher of an asset's fair value net of disposal cost or its utilization value. Impairment losses previously recognized can be reversed if asset impairment no longer exists or has been reduced. However, the reversal of impairment loss shall not increase the asset's book value above the amount in book value after depreciation/amortization if the impairment loss had not occurred in the first place.

(XX)Loans

Refers to long-term and short-term funding borrowed from banks. Loans are recognized at fair value less transaction costs at initiation. Any subsequent differences between proceeds net of transaction cost and the redemption value are recognized as interest expenses in profit or loss using the effective interest rate method over the loan duration.

(XXI)Accounts payable

1. Refers to liabilities arising from purchases of raw material, merchandise, or service on credit and accounts payable on operating and non-operating activities.
2. Short-term accounts payable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(XXII)Financial liabilities at fair value through profit or loss

1. Refers to financial liabilities that arise mainly to buy back in the near future, and financial liabilities held for trading that are not designated as hedging instruments under hedge accounting principles.

2. These items are recognized at fair value at initiation with transaction costs recognized through profit and loss and subsequently assessed at fair value with gains or losses recognized through profit and loss.

(XXIII)Removal of financial liabilities

Financial liabilities are removed from the balance sheet upon fulfillment, cancellation, or expiry of contractual obligation.

(XXIV)Non-hedging derivatives

Non-hedging derivatives are measured at a fair value of the contract signing date at the initiation. They are presented as financial assets or liabilities at fair value through profit or loss and subsequently measured at fair value. Gains or losses on non-hedging derivatives are recognized in profit and loss.

(XXV)Liability reserves

Liability reserves (warranty) are obligations that the Company is legally liable or deemed liable to fulfill due to a past event. The Company is very likely to incur an outflow of economic benefit or resource to settle such an obligation. Liability reserves are recognized when the amount in obligation can be estimated reliably. Liability reserves represent the Company's best estimate of the present value of all future obligations that the Company is liable to settle as at the balance sheet date. The discount rate used is a pre-tax discount rate reflecting the market's current perception of the time value of currency and risks associated with the specific liability. The amount in discount is amortized and recognized as an interest expense. No liability reserve is made on future operating losses.

(XXVI)Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured as non-discounted amounts expected to be paid in the future and are recognized as expenses when relevant service is rendered.

2. Pension - Defined contribution plan

For a defined contribution plan, the contributions payable to the pension fund are recognized as pension costs in the year that occurred on an accrual basis. Prepaid contributions that are refundable in cash or can be offset against future payments are recognized as assets.

3. Employees' and directors' remuneration

Employees' and directors' remuneration are recognized as expense and liability when the entity becomes legally obligated or is deemed obligated to pay, and the amount can

be reasonably estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate.

**(XXVII)Share-based payment**

In a share-based payment arrangement, the value of employees' services is measured based on the fair value of the equity instrument granted on the grant date. This payment is recognized as remuneration in the period vested, with corresponding adjustments made to equity. The fair value of the equity instrument should reflect the market price and the effects of both vesting and non-vesting conditions. The cost of remuneration to be recognized will be adjusted as service conditions and non-market value vesting conditions are met. The quantity of shares paid on the vesting date will determine the final amount to be recognized in the financial report.

**(XXVIII)Income tax**

1. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity items.
2. The Group calculates current income tax based on the statutory tax rate applicable at countries of operation and generates taxable income as at the balance sheet date. The management regularly assesses income tax filing in accordance with applicable income tax laws and estimates income tax liabilities for the estimated amount in tax payable to the authority. Unappropriated earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is generated, when the earnings appropriation proposal is passed in a shareholder meeting and the amount in earnings retained can be ascertained.
3. Deferred income tax is accounted for using the balance sheet method and recognized on taxable temporary differences that arise between the taxable basis and book value of assets and liabilities shown in the consolidated balance sheet. No deferred income tax is recognized upon initial recognition of an asset or liability (except in the case of business combination) if it affects neither accounting profit nor taxable income (tax loss) at the time of the transaction. Temporary differences arising from investment in subsidiaries and associated companies are not recognized as income tax asset/liability if the Group is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as at the balance sheet date.

4. Deferred income tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

(XXIX)Dividend distribution

Dividends to the Company's shareholders are recognized in the financial report at the time the resolution is passed in a shareholder meeting. Cash dividends pending payment are recognized as liability, whereas stock dividends pending distribution are presented as pending stock dividends and reclassified into common share capital on the issuance baseline date.

(XXX)Revenue recognition

1. Sales of goods

- (1) The Group manufactures and sells medical computers and peripherals. Sales revenues are recognized when control of the product is transferred to the customer; or in other words, when product is delivered to the customer and the Group has no outstanding obligation that would otherwise affect the customer from accepting the product. Product transfer is deemed to have completed when the product is shipped to the designated location and the customer accepts the product according to the terms of the sales contract, or if there is objective evidence to prove that acceptance has been made, and thereby transferring all risks associated with obsolescence and loss to the customer.
- (2) The Group offers a standard warranty on the products sold and is obligated to repair defective products. Liability reserves are made to account for this obligation at the time of sale.
- (3) Accounts receivable are recognized when products are delivered to the customer because this is the point of time when the Group gains unconditional rights to contractual proceeds and is entitled to collect consideration from customers simply through the passage of time.

2. Warranty income

Warranty income in advance that the Group receives for the sale of warranty extension is reclassified into income based on the remaining service duration.

(XXXI)Government subsidies

Government subsidies are recognized at fair value when the Company has reasonable assurance towards fulfilling the government's subsidy criteria and receiving the subsidy. For government subsidies aimed to reimburse expenses incurred, the Group will recognize government subsidies through current profit and loss in a systematic manner when



relevant expenses are incurred.

(XXXII) Operating segments

The Group's segment information is prepared according to what the decision makers rely on for internal management. The decision maker is responsible for allocating resources to the various segments and evaluating performance, and the board of directors has been identified as the Group's decision maker.

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

The management had exercised judgment to determine the accounting policies to adopt when the consolidated financial report was prepared and made accounting estimates and assumptions based on prevailing circumstances and reasonable expectations toward future events as at the balance sheet date. The significant accounting estimates and assumptions made can differ from the actual result, which the management will continually evaluate and adjust based on historical experience and other factors. These estimates and assumptions may result in major adjustments to the book value of assets and liabilities in the next financial year. Uncertainties associated with significant accounting judgments, estimates, and assumptions are explained below:

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

Due to the fact that inventory is presented at the lower of cost or net realizable value, the Group is required to exercise judgment and make estimates in order to determine the net realizable value of inventory as at the balance sheet date. Inventory as at the balance sheet may be susceptible to normal wear, obsolescence, or loss of market value due to rapidly changing technologies. The Group estimates the above losses and reduces inventory cost down to the net realizable value. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes.

Book value of the Group's inventory as at December 31, 2022 totaled \$311,527.

VI. Notes to major accounts

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Petty cash	\$ 320	\$ 263
Check and current deposit	297,856	182,630
Time deposit	30,710	-
	<u>\$ 328,886</u>	<u>\$ 182,893</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>December 31, 2022</u>	<u>December 31, 2021</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 10,208	\$ 9,873
Valuation adjustment	( 2,997)	252
	<u>\$ 7,211</u>	<u>\$ 10,125</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
Valuation adjustment	( 3,044)	6,406
	<u>\$ 26,956</u>	<u>\$ 36,406</u>

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

	<u>2022</u>	<u>2021</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	(\$ 12,449)	(\$ 865)
Derivatives	( 19)	-
	<u>(\$ 12,468)</u>	<u>(\$ 865)</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) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 279,721	\$ 219,671
Less: loss provisions	<u>( 15,442)</u>	<u>( 16,828)</u>
	<u>\$ 264,279</u>	<u>\$ 202,843</u>

1. Accounts receivable (including related parties) aging analysis:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ 174,573	\$ 176,777
Overdue within 30 days	87,762	27,029
Overdue 31 - 60 days	5,071	1,846
Overdue 61 - 90 days	-	76
Overdue more than 121 days	<u>13,361</u>	<u>16,616</u>
	<u>\$ 280,767</u>	<u>\$ 222,344</u>

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

- Balances of accounts receivable (including related parties) as at December 31, 2022 and 2021, 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, 2021 were \$168,804 and \$16,040, respectively.
- In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Group's accounts receivable (including related parties) as of December 31, 2022 and 2021 amounted to \$265,325, and \$205,516, respectively.
- The Group held no collateral on accounts receivable (including related parties).
- For credit risk information on accounts receivable (including related parties), please refer to Note 12(2).

(IV) Inventory

	<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	<u>70,513</u>	<u>( 11,673)</u>	<u>58,840</u>

\$ 361,401 (\$ 49,874) \$ 311,527

December 31, 2021

	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 139,530	(\$ 12,885)	\$ 126,645
Work-in-progress	37,966	( 652)	37,314
Semi-finished goods	76,354	( 9,366)	66,988
Finished goods	53,937	( 18,970)	34,967
Inventory in transit	5,305	-	5,305
	<u>\$ 313,092</u>	<u>(\$ 41,873)</u>	<u>\$ 271,219</u>

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

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 1,062,082	\$ 810,678
Obsolescence and devaluation loss	20,626	14,659
Other operating costs (Note)	17,847	-
Service and warranty cost	15,062	11,281
Impairment loss	11,235	1,308
Loss on stock-take	1,107	106
	<u>\$ 1,127,959</u>	<u>\$ 838,032</u>

Note: Raw materials previously placed at an OEM plant were lost during return shipment, for which the Group has recognized losses in other operating costs. Relevant accountability is currently being clarified with the OEM in January 2023.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current portion:		
Equity instrument		
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 69,334	\$ 69,334
Valuation adjustment	( 41,798)	( 36,953)
	<u>\$ 27,536</u>	<u>\$ 32,381</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 value of these investments was reported at \$27,536 and \$32,381 as at December 31, 2022 and 2021.

2. The amounts of fair value changes recognized in the consolidated income statement through other comprehensive income measured at fair value of financial assets was \$(4,845) and \$0 in 2022 and 2021, respectively.
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>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Sharehold ing %</u>	<u>Amount presented</u>	<u>Sharehold ing %</u>	<u>Amount presented</u>
Winmate Inc. (Winmate)(Note)	13.99%	<u>\$ 606,637</u>	13.85%	<u>\$ 561,275</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.

1. Summary financial information of significant associated companies:

Balance sheet

	<u>Winmate</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 2,417,479	\$ 2,320,961
Non-current assets	1,347,730	1,208,922
Current liabilities	( 1,210,738)	( 740,940)
Non-current liabilities	( 15,176)	( 501,456)
Total net assets	<u>\$ 2,539,295</u>	<u>\$ 2,287,487</u>
As a percentage of net assets across associated companies	\$ 355,247	\$ 318,919
Goodwill	<u>251,390</u>	<u>242,356</u>
Book value of associated company	<u>\$ 606,637</u>	<u>\$ 561,275</u>

Statement of comprehensive income

	<u>Winmate</u>	
	<u>2022</u>	<u>2021</u>
Income	\$ 2,659,296	\$ 2,501,627
Current net income	\$ 452,429	\$ 364,706
Other comprehensive income (net, after-tax)	81,155	( 6,582)
Total comprehensive income for the current period	<u>\$ 533,584</u>	<u>\$ 358,124</u>
Dividends received from associated companies	<u>\$ 45,136</u>	<u>\$ 39,671</u>

2. Fair value of associated companies that are openly quoted:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Winmate	<u>\$ 850,252</u>	<u>\$ 787,214</u>

(VII) Property, plant and equipment

	<u>2022</u>							<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</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>\$ -</u>	<u>\$ -</u>	<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	-	-	-	1,231	-	2,663	6,332	10,226	
Transfer	-	-	-	135	-	4,470	( 4,605)	-	
Reclassification	229,660	46,358	-	-	-	-	-	276,018	
Depreciation	-	-	( 1,891)	( 852)	( 4,461)	( 7,312)	-	( 14,516)	
Net exchange difference	-	-	-	86	-	20	-	106	
December 31	<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>	
December 31									
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>	

	<u>2021</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	\$ -	\$ -	\$ 17,380	\$ 8,781	\$ 15,187	\$ 66,643	\$ 4,105	\$ 112,096
Accumulated depreciation	-	-	( 12,290)	( 7,569)	( 13,251)	( 58,546)	-	( 91,656)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090</u>	<u>\$ 1,212</u>	<u>\$ 1,936</u>	<u>\$ 8,097</u>	<u>\$ 4,105</u>	<u>\$ 20,440</u>
January 1	\$ -	\$ -	\$ 5,090	\$ 1,212	\$ 1,936	\$ 8,097	\$ 4,105	20,440
Addition	229,660	48,798	600	1,202	5,182	10,222	586	296,250
Disposal	-	-	-	( 19)	-	-	-	( 19)
Transfer	-	-	-	-	3,007	1,684	( 4,691)	-
Reclassification	( 229,660)	( 48,526)	-	-	-	-	-	( 278,186)
Depreciation	-	( 272)	( 1,991)	( 760)	( 4,440)	( 6,651)	-	( 14,114)
Net exchange difference	-	-	-	( 34)	-	( 16)	-	( 50)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 1,601</u>	<u>\$ 5,685</u>	<u>\$ 13,336</u>	<u>\$ -</u>	<u>\$ 24,321</u>
December 31								
Cost	\$ -	\$ -	\$ 17,980	\$ 9,547	\$ 20,697	\$ 78,525	\$ -	\$ 126,749
Accumulated depreciation	-	-	( 14,281)	( 7,946)	( 15,012)	( 65,189)	-	( 102,428)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 1,601</u>	<u>\$ 5,685</u>	<u>\$ 13,336</u>	<u>\$ -</u>	<u>\$ 24,321</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 can not 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>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 33,782	\$ 41,719
Transport equipment	967	864
Office equipment	<u>1,672</u>	<u>2,100</u>
	<u>\$ 36,421</u>	<u>\$ 44,683</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 7,405	\$ 9,411
Transport equipment	760	852
Office equipment	<u>428</u>	<u>441</u>
	<u>\$ 8,593</u>	<u>\$ 10,704</u>

4. Amounts of right-of-use assets added in 2022 and 2021 were \$3,911 and \$47,065, respectively.

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

	<u>2022</u>		<u>2021</u>
<u>Current income/expense accounts affected</u>			
Interest expense on lease liabilities	\$ 807	\$	1,104
Expenses on short-term lease agreements	12,295		8,892
Lease expense of low-value leases	59		59
(Gain) loss on lease amendment	( 91)		6

6. Amounts of cash outflow incurred on leases totaled \$21,683 in 2022 and \$20,791 in 2021.

7. Extension of existing lease agreements in 2021 increased right-of-use assets and lease liabilities by \$7,963.

(IX) Leases - as a lessor

1. The Group leases out its land and buildings. The current lease tenor is from September 2021 to August 2024. However, 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 rental income of \$6,906 and \$2,301 for the years ended December 31, 2022 and 2021, respectively, based on operating lease agreements, of which no variable lease payments were made.

3. Maturity analysis for lease payments collectible on operating leases:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>
2022	\$ -	\$	6,897
2023	-		6,897
2024	-		4,598
	<u>\$ -</u>	\$	<u>18,392</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
Reclassification	( 229,660)	( 46,358)	( 276,018)
Depreciation	-	( 1,627)	( 1,627)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
January 1	\$ -	\$ -	\$ -
Reclassification	229,660	48,526	278,186
Depreciation	-	( 541)	( 541)
December 31	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>
December 31			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	-	( 813)	( 813)
	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</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>2022</u>	<u>2021</u>
Rent income from investment property	\$ 6,906	\$ 2,301
Direct expenses incurred in relation to current rent income generated from investment property	\$ 1,627	\$ 541

3. Fair value of the Group's investment properties was reported at \$280,333 as at December 31, 2021 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>December 31, 2021</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>December 31, 2021</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 December 31, 2022.

2. Interest expense recognized in profit or loss was \$364 and \$513 for 2022 and 2021, respectively.

(XII) Financial liabilities at fair value through profit or loss

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

	<u>2022</u>	<u>2021</u>
Financial liabilities held for trading		
Derivatives	\$ -	(\$ 56)

(XIII)Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payable	\$ 33,420	\$ 29,279
Employee and director remuneration payable	26,752	21,552
Equipment purchase payable	-	1,726
Other payables	<u>14,098</u>	<u>21,197</u>
	<u>\$ 74,270</u>	<u>\$ 73,754</u>

(XIV)Long-term loans

<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 repayable on a monthly basis	1.73%	Land and buildings	\$ 155,286
Less: current portion of long-term loan				<u>( 10,376)</u>
				<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>December 31, 2021</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.00%	Land and buildings	\$ 165,787
Less: current portion of long-term loan				<u>( 10,744)</u>
				<u>\$ 155,043</u>

(XV)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 \$6,550 in 2022 and \$6,195 in 2021.

(XVI)Liability reserves

	<u>2022</u>		<u>2021</u>
	<u>Warranty</u>		<u>Warranty</u>
January 1	\$ 8,271		\$ 8,614
Increase of liability reserves in the current period	7,690		6,318
Liability reserves used and reversed in the current period	<u>(6,267)</u>		<u>(6,661)</u>
December 31	<u>\$ 9,694</u>		<u>\$ 8,271</u>

Analysis of liability reserves:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	<u>\$ 7,367</u>	<u>\$ 6,272</u>
Non-current	<u>\$ 2,327</u>	<u>\$ 1,999</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.

(XVII)Share-based payment

1. The Group had the following share-based payment arrangements in 2022 and 2021:

<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>2022</u>	<u>Weighted average exercise price (NTD)</u>	<u>2021</u>	<u>Weighted average exercise price (NTD)</u>
	<u>Quantity of warrants (thousand shares)</u>		<u>Quantity of warrants (thousand shares)</u>	
Opening balance (January 1) of outstanding warrants	1,000	\$ 121.50	1,000	\$ 139.50
Warrants voided in the current period	(128)	-	-	-
Closing balance (December 31) of outstanding warrants	<u>872</u>	114.70	<u>1,000</u>	121.50
Closing balance (December 31) of exercisable warrants	<u>436</u>		<u>-</u>	

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

<u>Type of agreement</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
			<u>Shares (thousand shares)</u>	<u>Exercise price (NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	872	\$ 114.70
Employee warrant program	August 6, 2020	August 6, 2025	1,000	\$ 121.50

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 are presented below:

Type of agreement	Grant date	Share price	Exercise price (NTD)	Expected volatility	Expected duration	Risk-free rate	Fair value per unit (NTD)
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>2022</u>	<u>2021</u>
Employee warrants	\$ 8,786	\$ 11,617
Cash issue retain for subscription by employees	<u>8,174</u>	<u>-</u>
	<u>\$ 16,960</u>	<u>\$ 11,617</u>

#### (XVIII) Share capital

1. Having accumulated the required number of electronic votes, a resolution was passed during the shareholder meeting held in May 2021 to capitalize \$27,510 of earnings and issue 2,751 thousand new shares. Registration for the above capital increase was completed in September 2021.
2. 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 December 31, 2022. Proceeds from issued shares have been fully collected.

Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) in 2022 and 2021 is explained below:

	<u>2022</u>	<u>2021</u>
January 1	30,261	27,510
Stock dividends	-	2,751
Cash issue	<u>3,000</u>	<u>-</u>
December 31	<u>33,261</u>	<u>30,261</u>



3. 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(17) for details.
4. 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.

(XIX)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>2022</u>			
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 446,346	\$ 16,327	\$ -	\$ 462,673
Cash issue	233,100	-	-	233,100
Cash issue retain for subscription by employees	8,174	-	-	8,174
Distribution of cash from capital reserves	( 33,261)	-	-	( 33,261)
Employee warrants	-	8,786	-	8,786
Lapsed share option	-	( 228)	228	-
December 31	<u>\$ 654,359</u>	<u>\$ 24,885</u>	<u>\$ 228</u>	<u>\$ 679,472</u>

	<u>2021</u>		
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Total</u>
January 1	\$ 473,856	\$ 4,710	\$ 478,566
Distribution of cash from capital reserves	( 27,510)	-	( 27,510)
Employee warrants	-	11,617	11,617
December 31	<u>\$ 446,346</u>	<u>\$ 16,327</u>	<u>\$ 462,673</u>

(XX)Retained earnings

1. According to the Articles of Incorporation, annual net income concluded by the Company is the 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 the 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 the board of directors' proposal and shareholder meeting resolution. The amount in 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 in reserve that exceeds paid-up capital by 25% may be distributed in 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 at 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 2021 earnings appropriation proposal was passed through shareholder meeting resolution on May 31, 2022, whereas the 2020 earnings appropriation proposal was resolved by shareholders on May 22, 2021 after accumulating the required number of

electronic votes. Details are as follows:

	<u>2021</u>		<u>2020</u>	<u>Dividends per share</u>
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>(NTD)</u>
Legal reserves	\$ 12,755		\$ 16,707	
Special reserves	4,903		4,730	
Cash dividends	99,784	\$ 3.0	123,796	\$ 4.5
Stock dividends	<u>-</u>	<u>-</u>	<u>27,510</u>	<u>1.0</u>
	<u>\$ 117,442</u>		<u>\$ 172,743</u>	

(1) 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.

(2) A resolution was passed after accumulating the required number of electronic votes during the shareholder meeting held on May 22, 2021 to issue additional common shares at a premium above face value against the capitalization of \$27,510 in capital reserves. This is equivalent to NT\$1 of stock dividends per share.

As explained above, the appropriation of 2021 and 2020 earnings were indifferent from the proposals raised by the board of directors.

5. Appropriation of 2022 earnings has been proposed and passed by the board of directors during the meeting held on February 21, 2023; details are as follows:

	<u>2022</u>		<u>Dividends per share (NTD)</u>
	<u>Amount</u>		
Provision for legal reserves	\$ 20,296		
Reversal for special reserve	( 15,970)		
Cash dividends	166,307	\$	5.0

As of February 21, 2023, it has not been resolved by the shareholders' meeting.

(XXI) Operating revenues

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
Revenue from contracts with customers	<u>1,600,265</u>	<u>1,201,760</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:

<u>2022</u>	<u>Medical computers</u>			<u>Services and warranty</u>			<u>Total</u>
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	
Revenue from contracts with external customers	<u>\$868,479</u>	<u>\$650,258</u>	<u>\$ 39,980</u>	<u>\$ 33,002</u>	<u>\$ 8,464</u>	<u>\$ 82</u>	<u>\$1,600,265</u>
Timing of revenue recognition							
Revenues recognized at a specific time	\$868,479	\$650,258	\$ 39,980	\$ -	\$ -	\$ -	\$1,558,717
Revenues recognized progressively over time	-	-	-	33,002	8,464	82	41,548
	<u>\$868,479</u>	<u>\$650,258</u>	<u>\$ 39,980</u>	<u>\$ 33,002</u>	<u>\$ 8,464</u>	<u>\$ 82</u>	<u>\$1,600,265</u>

<u>2021</u>	<u>Medical computers</u>			<u>Services and warranty</u>		<u>Total</u>
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Taiwan</u>	<u>USA</u>	
Revenue from contracts with external customers	<u>\$ 596,949</u>	<u>\$ 537,113</u>	<u>\$34,758</u>	<u>\$25,037</u>	<u>\$ 7,903</u>	<u>\$ 1,201,760</u>
Timing of revenue recognition						
Revenues recognized at a specific time	\$ 596,949	\$ 537,113	\$34,758	\$ -	\$ -	\$ 1,168,820
Revenues recognized progressively over time	-	-	-	25,037	7,903	32,940
	<u>\$ 596,949</u>	<u>\$ 537,113</u>	<u>\$34,758</u>	<u>\$25,037</u>	<u>\$ 7,903</u>	<u>\$ 1,201,760</u>

## 2. Contractual liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contractual liabilities - current:			
Service and sales contract	\$ 55,834	\$ 64,568	\$ 40,482
Warranty contract	8,899	11,187	14,523
Contractual liabilities - non-current:			
Service and sales contract	54,939	26,024	31,995
Warranty contract	12,921	16,114	21,077
	<u>\$ 132,593</u>	<u>\$ 117,893</u>	<u>\$ 108,077</u>

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

	<u>2022</u>		<u>2021</u>
Amount in opening contractual liabilities recognized as current income			
Service and sales contract	\$ 55,940	\$	23,557
Warranty contract	11,187		14,503
	<u>\$ 67,127</u>	<u>\$</u>	<u>38,060</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 December 31, 2022 and 2021, which had allocated prices of \$132,593 and \$117,893, respectively. The management expects to recognize \$64,733 and \$75,755 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2022 and 2021, in the following year. In contrast, 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.

(XXII) Other income

	<u>2022</u>		<u>2021</u>
Rental income	\$ 6,906	\$	2,301
Gain on elimination of overdue contract liabilities	3,986		-
Dividend income	3,709		6,218
Other income	11,653		6,235
	<u>\$ 26,254</u>	<u>\$</u>	<u>14,754</u>

(XXIII) Other gains and losses

	<u>2022</u>		<u>2021</u>
Net gain (loss) on currency exchange	\$ 19,295	(\$	5,961)
Loss on financial assets or liabilities at fair value (through profit or loss)	12,468)	(	921)
Government grant income	4,487		10,579
Depreciation of investment property	( 1,627)	(	541)

Gain on disposal of property, plant, and equipment	250	-
Gain (loss) on lease amendment	91	(6)
	<u>\$ 10,028</u>	<u>\$ 3,150</u>

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

	<u>2022</u>		<u>2021</u>
Employee benefit expenses	\$ 276,481	\$	245,382
Depreciation on property, plant, and equipment	14,516		14,114
Depreciation on right-of-use assets	8,593		10,704
Amortization	2,095		1,678
	<u>\$ 301,685</u>	\$	<u>271,878</u>

(XXV) Employee benefit expenses

	<u>2022</u>		<u>2021</u>
Salary expenses	\$ 251,348	\$	216,778
Labor/health insurance premium	15,941		20,379
Pension expense	6,550		6,195
Other personnel expenses	2,642		2,030
	<u>\$ 276,481</u>	\$	<u>245,382</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 \$18,000 and \$11,329, and director remuneration at \$2,400 and \$2,400, for 2022 and 2021, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2022 were estimated based on the current year's profits and the percentages outlined in the Articles of Incorporation. The board of directors has resolved to pay \$18,000 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2021 employee remuneration and director remuneration at \$11,329 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2021 financial report and were to be paid in

cash. Payment had yet to be completed as at February 21, 2023.

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

(XXVI) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2022</u>		<u>2021</u>
Current income tax:			
Income tax on current profit	\$ 47,088	\$	18,738
Additional tax on unappropriated earnings	505		-
Underestimation (overestimation) of income tax expenses in previous years	<u>866</u>	(	<u>1,817)</u>
Total current income tax	48,459		16,921
Deferred income tax:			
Occurrence and reversal of temporary difference	<u>(9,563)</u>	(	<u>3,318)</u>
Income tax expense	<u>\$ 38,896</u>	\$	<u>13,603</u>

(2) Income tax on other comprehensive income:

	<u>2022</u>		<u>2021</u>
Translation differences from foreign operations	<u>\$ 2,264</u>	(\$	<u>992)</u>

2. Relationship between income tax expense and accounting profit

	<u>2022</u>		<u>2021</u>
Income tax derived by applying the statutory tax rate to pre-tax income (Note)	\$ 48,393	\$	28,474
Tax-exempt income under tax law	( 10,868)	(	13,054)
Underestimation (overestimation) of income tax expenses in previous years	866	(	1,817)
Additional tax on unappropriated earnings	<u>505</u>		<u>-</u>
Income tax expense	<u>\$ 38,896</u>	\$	<u>13,603</u>

Note: Calculated based on applicable tax rates of the respective countries.

3. Deferred income tax assets and liabilities arising from temporary differences are presented below:

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized through profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,654	\$ 285	\$ -	\$ 1,939
loss on foreign investments	-	3,127	-	3,127
Allowance for inventory devaluation	8,647	3,331	-	11,978
Unrealized gross profit	2,803	1,347	-	4,150
Unrealized loss on exchange	306	( 47)	-	259
Bad debt	1,003	39	-	1,042
Translation differences from foreign operations	2,898	-	( 2,264)	634
Others	1,683	203	-	1,886
	<u>18,994</u>	<u>8,285</u>	<u>( 2,264)</u>	<u>25,015</u>
- Deferred income tax liabilities:				
Gain on foreign investments	( 1,278)	1,278	-	-
	<u>\$ 17,716</u>	<u>\$ 9,563</u>	<u>(\$ 2,264)</u>	<u>\$ 25,015</u>
<u>2021</u>				
	<u>January 1</u>	<u>Recognized through profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,723	(\$ 69)	\$ -	\$ 1,654
Allowance for inventory devaluation	6,142	2,505	-	8,647
Unrealized gross profit	2,049	754	-	2,803
Unrealized loss on exchange	178	128	-	306
Bad debt	751	252	-	1,003
Translation differences from foreign operations	1,906	-	992	2,898
Others	1,735	( 52)	-	1,683
	<u>14,484</u>	<u>3,518</u>	<u>992</u>	<u>18,994</u>
- Deferred income tax liabilities:				
Gain on foreign investments	( 1,078)	( 200)	-	( 1,278)
	<u>\$ 13,406</u>	<u>\$ 3,318</u>	<u>\$ 992</u>	<u>\$ 17,716</u>



4. 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.
5. Profit-seeking enterprise business income tax returns of the Company and iHELPER have been certified by the tax authority up to 2020.

(XXVII)EPS

	<u>2022</u>		
	<u>Amount after tax</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>EPS (NTD)</u>
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 202,963</u>	<u>32,522</u>	<u>\$ 6.24</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 202,963	32,522	
Dilutive effect of potential common shares			
Employee remuneration	<u>-</u>	<u>200</u>	
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 202,963</u>	<u>32,722</u>	<u>\$ 6.20</u>
	<u>2021</u>		
	<u>Amount after tax</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>EPS (NTD)</u>
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 127,551</u>	<u>30,261</u>	<u>\$ 4.22</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 127,551	30,261	
Dilutive effect of potential common shares			

Employee remuneration	-	126
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 127,551</u>	<u>30,387</u> <u>\$ 4.20</u>

Employee warrants issued by the Company had an anti-dilutive effect in 2022 and 2021, and were therefore excluded from the calculation of earnings per share.

(XXVIII)Supplementary cash flow information

1. Investing activities involving partial cash outlay:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant, and equipment	\$ 10,226	\$ 296,250
Plus: equipment proceeds payable at the beginning of the period	1,726	245
Less: Equipment proceeds payable at the end of the period	<u>-</u>	<u>(1,726)</u>
Cash paid during the current period	<u>\$ 11,952</u>	<u>\$ 294,769</u>

2. Investment activities without cash flow effects:

	<u>2022</u>	<u>2021</u>
Reclassification of investment property to property, plant and equipment	<u>\$ 276,018</u>	<u>\$ -</u>
Reclassification of property, plant and equipment to investment property	<u>\$ -</u>	<u>\$ 278,186</u>

(XXIX)Change of liabilities relating to financing activities

	<u>2022</u>			<u>Total</u>
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	
January 1	\$ 105,000	\$ 165,787	\$ 44,764	\$ 315,551
Decrease in short-term loan	( 105,000)	-	-	( 105,000)
Repayment of long-term loan	-	( 10,501)	-	( 10,501)
Repayment of lease principal	-	-	( 8,522)	( 8,522)
Effects of exchange rate change	-	-	445	445
Other changes without cash	<u>-</u>	<u>-</u>	<u>( 54)</u>	<u>( 54)</u>

effect

December 31	<u>\$ -</u>	<u>\$ 155,286</u>	<u>\$ 36,633</u>	<u>\$ 191,919</u>
	<u>2021</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ -	\$ 9,401	\$ 9,401
Increase in short-term loans	105,000	-	-	105,000
Borrowing of long-term loan	-	172,000	-	172,000
Repayment of long-term loan	-	( 6,213)	-	( 6,213)
Repayment of lease principal	-	-	( 10,736)	( 10,736)
Effects of exchange rate change	-	-	( 496)	( 496)
Other changes without cash effect	<u>-</u>	<u>-</u>	<u>46,595</u>	<u>46,595</u>
December 31	<u>\$ 105,000</u>	<u>\$ 165,787</u>	<u>\$ 44,764</u>	<u>\$ 315,551</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.	"
AAEON ELECTRONICS, INC.	"
Winmate Inc.	Associated company - investee accounted by the Company using the equity method
Litemax Electronics Inc.	Other related party - investee accounted by the Company's parent using the equity method
IBASE Technology Inc.	"
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.	"
Maxtek Technology Co., Ltd.	"
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	"
EverFocus Electronics Corp. (USA)	Other related party - the Company's Chairman concurrently serves as chairman in the entity's parent
AAEON Foundation	Other related party - the Company's Chairman concurrently serves as chairman in the foundation
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in the entity
MACHVISION Inc Co., LTD	"
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
MedAlliance Inc.	Other related party - the Company's Chairman is a 1st-degree relative 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>2022</u>		<u>2021</u>
Sales of goods:			
Parent company	\$ 7,838	\$	6,432
Affiliated subsidiary of the same group	8,227		4,456
Associated company	27		5
Other related parties	<u>5,412</u>		<u>3,092</u>
	<u>\$ 21,504</u>	<u>\$</u>	<u>13,985</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>2022</u>		<u>2021</u>
Purchase of merchandise:			
Ultimate parent company	\$ 7	\$	-
Parent company			
AAEON Technology Inc.	193,771		192,172
Affiliated subsidiary of the same group	193		-
Associated company	8,442		5,088
Other related parties	18,386		17,780
	<u>\$ 220,799</u>	\$	<u>215,040</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>2022</u>		<u>2021</u>
Parent company	\$ 5,275	\$	9,186
Affiliated subsidiary of the same group	4,764		4,323
Associated company	191		1,376
Other related parties	8,625		2,825
	<u>\$ 18,855</u>	\$	<u>17,710</u>

The operating costs and expenses listed above mainly represent donations, service charges and other sundry expenses. The donations are mainly for the promotion of technology, education, and human development, and to fulfill the Group's corporate social responsibility.

## 4. Other income

	<u>2022</u>		<u>2021</u>
Other related parties			
EverFocus Electronics Corp.(USA)	\$ 6,259	\$	5,042

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

5. Rental income (presented as other income)

	<u>2022</u>	<u>2021</u>
Parent company		
AAEON Technology Inc.	\$ 6,906	\$ 2,301

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>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Parent company	\$ 182	\$ 2,093
Affiliated subsidiary of the same group	726	447
Other related parties	138	133
	<u>\$ 1,046</u>	<u>\$ 2,673</u>

7. Related party payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Parent company		
AAEON Technology Inc.	\$ 20,887	\$ 31,709
Associated company	5	22
Other related parties	2,117	942
	<u>\$ 23,009</u>	<u>\$ 32,673</u>
Other payables:		
Parent company	\$ 59	\$ 152
Associated company	4	-
Other related parties	1,218	3
	<u>\$ 1,281</u>	<u>\$ 155</u>

8. Leases - as a lessee

(1) Acquisition of right-of-use assets

	<u>2022</u>	<u>2021</u>
Affiliated subsidiary of the same group		
AAEON ELECTRONICS,INC.	<u>\$ -</u>	<u>\$ 7,963</u>

Extension of existing lease agreements with affiliated subsidiaries in 2021 increased right-of-use assets and lease liabilities by \$7,963.

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Affiliated subsidiary of the same group		
AAEON ELECTRONICS,INC.		
Current	<u>\$ -</u>	<u>\$ 3,987</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 \$1,766 in 2022 and \$4,132 in 2021.

9. Property transaction

Disposal of property, plant, and equipment:

	<u>2022</u>		<u>2021</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Parent company	<u>\$ 263</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

10. Guarantee deposits received

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company		
AAEON Technology Inc.	<u>\$ 1,148</u>	<u>\$ 1,148</u>

Represents rental deposit.

(IV) Compensation for key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 49,366	\$ 40,099
Retirement benefits	<u>679</u>	<u>605</u>
	<u>\$ 50,045</u>	<u>\$ 40,704</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>December 31, 2022</u>	<u>December 31, 2021</u>	
Time deposit (presented as other current assets)	<u>\$ 921</u>	<u>\$ 830</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non-current assets)	<u>\$ 3,567</u>	<u>\$ 3,224</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (note)	<u>\$ 229,660</u>	<u>\$ 229,660</u>	Long-term loans
Buildings and structures (note)	<u>\$ 46,358</u>	<u>\$ 47,985</u>	Long-term loans

Note: Property, plant and equipment and investment property as of December 31, 2022 and 2021, respectively, are shown in the table.

### 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

Appropriation of 2022 earnings has been proposed and passed by the board of directors during the meeting held on February 21, 2023; please see Note 6(20) for details.

### 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>December 31, 2022</u>	<u>December 31, 2021</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	\$ 34,167	\$ 46,531
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 27,536	\$ 32,381
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 328,886	\$ 182,893
Accounts receivable	264,279	202,843
Accounts receivable - related parties	1,046	2,673
Other receivables	4,120	4,564
Other financial assets (presented as other current assets)	921	830
Guarantee deposits paid (presented as other current and non-current assets)	3,567	3,224
	<u>\$ 602,819</u>	<u>\$ 397,027</u>
<u>Financial liabilities</u>		
Financial liabilities carried at cost after amortization		
Short-term loans	\$ -	\$ 105,000
Accounts payable	83,348	91,857
Accounts payable - related parties	23,009	32,673
Other payables	74,270	73,754
Long-term loans (including those due within one year)	155,286	165,787
Guarantee deposits received	1,148	1,148
	<u>\$ 337,061</u>	<u>\$ 470,219</u>
Lease liabilities	<u>\$ 36,633</u>	<u>\$ 44,764</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) Please see Notes 6(2) and (12) for more details on the use of derivatives for financial risk mitigation.
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. The Group uses forward exchange and cross-currency swap contracts to mitigate exchange rate risks but does not adopt hedge accounting treatment. Instead, it presents them as financial assets or liabilities at fair value through profit or loss. Please refer to Notes 6(2) and (12) for details.
- D. 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>December 31, 2022</u>	Book value
	<u>Foreign currency</u>	
	<u>(thousand dollars) Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)		
<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

December 31, 2021

				Book value
				<u>(NTD)</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,628	27.68	\$ 128,103
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		1,239	27.68	34,296

E. Total gain (loss) on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation in 2022 and 2021 amounted to \$19,295 and (\$5,961), respectively.

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

(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,602	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	427		-

2021

Sensitivity analysis

	<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%	\$ 1,281	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 343	\$ -

### 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 \$342 and \$465 in 2022 and 2021, 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 \$275 and \$324, 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 in 2022 and 2021 were denominated in NTD.
- B. If interest rates on NTD borrowings had increased or decreased by 1%, with all other factors remaining constant, net income would have decreased or increased by \$1,242 and \$2,166 in 2022 and 2021, respectively. This is mainly due to the change in interest expense as a result of variable-rate borrowings.

## (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 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 at December 31, 2022 and 2021.
- G. (1) Customers of good credit background and insured accounts receivable are subject to loss given a default of 0.2%. As at December 31, 2022 and 2021, the Company had outstanding accounts receivable of \$219,755 and \$159,372 and had made bad debt provisions of \$439 and \$340, 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 under normal credit conditions. Provision matrix as at December 31, 2022 and 2021, is as follows:

	<u>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2022</u>							
Expected loss given default	0~2%	8%	15%	44%	50%	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>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2021</u>							
Expected loss given default	0~2%	6%	21%	43%	50%	100%	
Total book value	<u>\$ 34,999</u>	<u>\$ 12,182</u>	<u>\$ 577</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 15,138</u>	<u>\$ 62,972</u>
Loss provision	<u>\$ 527</u>	<u>\$ 697</u>	<u>\$ 93</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 15,138</u>	<u>\$ 16,488</u>

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

	<u>2022</u>	<u>2021</u>
January 1	\$ 16,828	\$ 16,040
(Reversal) provision of impairment loss	( 1,349)	902
Amount unrecoverable and charged off	332)	-
Exchange rate impact	<u>295</u>	<u>( 114)</u>
December 31	<u>\$ 15,442</u>	<u>\$ 16,828</u>

Losses provided (reversed) in 2022 and 2021 included (\$1,349) and \$902 of impairment losses (reversals), respectively, that were recognized 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 December 31, 2022 and 2021, the Group had undrawn credit limits of \$194,000 and \$59,000, 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.

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

December 31, 2021

<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)	\$ 105,305	\$ -	\$ -	\$ -
Accounts payable	91,857	-	-	-
Accounts payable - related parties	32,673	-	-	-
Other payables	73,754	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,353	12,353	37,059	116,337
Lease liabilities	11,335	5,897	6,673	27,034

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. The fair value of investments in derivative instruments is determined using this input.

Level 3 input: Inputs that can not 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, accounts receivable (including related parties), other receivables, 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:

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>
December 31, 2021				
	<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	\$ 10,125	\$ -	\$ 36,406	\$ 46,531
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	32,381	32,381
	<u>\$ 10,125</u>	<u>\$ -</u>	<u>\$ 68,787</u>	<u>\$ 78,912</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:

	<u>TWSE/TPEX listed shares</u>
Market quotation	Closing price

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 in 2022 or 2021.

6. Changes in level 3 input in 2022 and 2021 are explained below:

	<u>2022</u>		<u>2021</u>
	<u>Equity instrument</u>		<u>Equity instrument</u>
January 1	\$ 68,787		\$ 40,642
Additions in the current period	-		30,000
Recognized through profit and loss (Note 1)	( 9,450)		( 1,855)
Recognized in other comprehensive income (Note 2)	( 4,845)		-
December 31	<u>\$ 54,492</u>		<u>\$ 68,787</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. There had been no transfer to or from level 3 input in 2022 or 2021.
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, 2022</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	\$ 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>Fair value as at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>December 31, 2021</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	\$ 32,381	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	36,406	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>December 31, 2022</u>		<u>December 31, 2021</u>	
			<u>Recognized in other comprehensive income</u>	<u>Recognized in other comprehensive income</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>\$ 1,750</u>	<u>(\$ 1,600)</u>

#### (IV) Assessment of COVID-19 impact

Per assessment, the spread of COVID-19 and disease control policies imposed by the government had not caused a material impact on the Group's operations as of December 31, 2022. Furthermore, the Group has adopted appropriate measures to prevent the effect of COVID-19 on its operations and is closely monitoring future developments.

### XIII. Other disclosures

#### (I) Information related to significant transactions

Significant transactions undertaken by the Group in 2022, 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. Trading of derivatives: Please see Notes 6(2) and (12).
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>2022</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	\$ 901,481	\$658,722	\$ 40,062	\$ -	\$ 1,600,265
Income from the ultimate parent, parent, and consolidated subsidiaries	\$ -	\$ -	\$ -	\$ -	
	<u>430,130</u>	<u>6,256</u>	<u>25,026</u>	<u>(461,412)</u>	<u>-</u>
	<u>\$ 1,331,611</u>	<u>\$664,978</u>	<u>\$ 65,088</u>	<u>(\$461,412)</u>	<u>\$ 1,600,265</u>
Segment profit/loss	<u>\$ 179,180</u>	<u>(\$ 31,045)</u>	<u>(\$ 2,743)</u>	<u>\$ -</u>	<u>\$ 145,392</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 22,280</u>	<u>\$ 2,136</u>	<u>\$ 2,415</u>	<u>\$ -</u>	<u>\$ 26,831</u>
	<u>2021</u>				
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Eliminated upon consolidation</u>	<u>Consolidated</u>
come from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 621,986	\$545,016	\$ 34,758	\$ -	\$1,201,760
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>317,118</u>	<u>499</u>	<u>27,510</u>	<u>(345,127)</u>	<u>-</u>
	<u>\$ 939,104</u>	<u>\$545,515</u>	<u>\$ 62,268</u>	<u>(\$345,127)</u>	<u>\$1,201,760</u>
Segment profit/loss	<u>\$ 77,817</u>	<u>(\$ 5,831)</u>	<u>\$ 2,525</u>	<u>\$ -</u>	<u>\$ 74,511</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 20,335</u>	<u>\$ 4,126</u>	<u>\$ 2,576</u>	<u>\$ -</u>	<u>\$ 27,037</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>2022</u>		<u>2021</u>	
Net income from reporting segments	\$	148,135	\$	71,986
Net income (loss) from other reporting segments	(	<u>2,743)</u>	(	<u>2,525)</u>
Total across segments	\$	145,392	\$	74,511
Loss on financial assets or liabilities at fair value through profit or loss	(	12,468)	(	921)
Other gains and losses		112,667		69,155
Financial costs	(	<u>3,557)</u>	(	<u>2,633)</u>
Pre-tax profit from continuing operations	\$	<u>242,034</u>	\$	<u>140,112</u>

(V) Product and service category

The Group is involved in designing, manufacturing, trading, and maintaining medical computers and peripherals; refer to Note 6(21) for financial information by product type and service type.

(VI) Regional disclosure

The following are the Group's regional disclosures for 2022 and 2021:

	<u>2022</u>	<u>Non-current</u>	<u>2021</u>	<u>Non-current</u>
	<u>Income</u>	<u>assets</u>	<u>Income</u>	<u>assets</u>
Taiwan	\$ 901,481	\$ 333,783	\$ 621,986	\$ 342,530
USA	658,722	1,308	545,016	4,406
Others	<u>40,062</u>	<u>3,078</u>	<u>34,758</u>	<u>4,302</u>
	<u>\$ 1,600,265</u>	<u>\$ 338,169</u>	<u>\$ 1,201,760</u>	<u>\$ 351,238</u>

Non-current assets refer to non-current items excluding financial instruments, deferred income tax assets, and guarantee deposits paid (presented as other non-current assets).

(VII) Information on key customers

Customers with sales values representing more than 10% of consolidated operating revenues in 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
Customer A	\$	172,922	\$	98,604

ONYX Healthcare Inc. and Subsidiaries

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

December 31, 2022

Attachment 1

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Company name</u>	<u>Type of security</u>	<u>Name of security (Note 1)</u>	<u>Relationship with the securities issuer (Note 2)</u>	<u>Account category</u>	<u>Shares</u>	<u>End-of-period</u>		<u>Fair value</u>	<u>Remarks (Note 4)</u>
						<u>Book value (Note 3) (Note 3)</u>	<u>Shareholdings percentage</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	\$ 2,443	0.04%	\$ 2,443	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	199,927	4,768	0.16%	4,768	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	26,956	13.04%	26,956	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
ONYX Healthcare Inc.	Shares	ProtectLife International Biomedical Inc.	None	Financial assets at fair value through other comprehensive income - non-current	750,000	25,155	6.30%	25,155	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 December 31, 2022

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase</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>(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)	(\$ 392,845)	(29.55%)	90 days after month-end	\$ -	-	\$ 88,426	36.88%	None
ONYX Healthcare Inc.	AAEON Technology Inc.	Parent company	Purchase	93,980	10.73%	30 days after month-end	-	(	3,735)	(4.29%)	None
ONYX HEALTHCARE USA, INC.	AAEON Technology Inc.	Parent company	Purchase	99,791	18.65%	60 days after month-end	-	(	17,152)	(16.12%)	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

December 31, 2022

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	\$ 88,426	4.19	\$ -	-	\$ 41,176	\$ -

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 December 31, 2022

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>Transaction summary</u>			<u>As a percentage of consolidated revenues or total assets</u> (Note 3)
				<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 392,845	90 days after month-end	24.55%
"	"	"	"	Accounts receivable	88,426	90 days after month-end	4.50%

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-subsiary 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-subsiary 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 December 31, 2022

Attachment 5

Unit: NT\$ thousand  
(unless specified otherwise)

Name of investor	Name of investee (Notes 1 and 2)	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee (Note 2(2))	Investment gains/losses recognized in the current period (Note 2(3))	Remarks
				End of current period	End of previous year	Shares	Percentage (%)	Book value			
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 61,420	\$ 55,360	200,000	100	\$ 77,251	(\$ 20,292)	(\$ 20,292)	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support and maintenance of medical computers and peripherals	3,272	3,132	100,000	100	13,255	164	164	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,705	323	148	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	568,585	552,783	10,244,000	14	606,637	452,430	62,936	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 and December 31, 2022 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 December 31, 2022

Attachment 6

Unit: NT\$ thousand  
(unless specified otherwise)

Name of Mainland investee	Main business activities	Paid-up capital	Method of investment (Note 1)	Opening cumulative balance of investment capital invested from		Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan	Current period profit/loss of the investee	The Company's direct or indirect holding percentage (%)	Investment gains (losses) recognized in the current period (Note 2(2)B.)	Closing investment book value	Investment gains recovered to date	Remarks
				Taiwan	Invested	Recovered	Taiwan							
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 67,562	1	\$ 67,562	\$ -	\$ -	\$ 67,562	(\$ 1,895)	100	(\$ 1,895)	\$ 5,822	\$ -	None	

Company name	Closing cumulative balance of investment capital transferred from Taiwan into Mainland China	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland China
ONYX Healthcare Inc.	\$ 67,562	\$ 67,562	\$ 840,533

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 audited by the R.O.C. partner of an international CPA firm.
  - B. Based on audited financial statements of the parent company in Taiwan.
  - C. Others

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 and December 31, 2022 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

December 31, 2022

Attachment 7

	<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding</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.

## Independent Auditor's Report

(112)-Cai-Shen-Bao-Zi No. 22003052

To stakeholders of ONYX Healthcare Inc.:

### **Audit opinion**

We have audited the accompanying standalone balance sheet of ONYX Healthcare Inc. (referred to as "ONYX Healthcare" below) as at December 31, 2022 and 2021, the standalone statement of comprehensive income, standalone statement of changes in equity, and standalone cash flow statement from January 1 to December 31, 2022 and 2021, and notes to standalone financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and audit results of other auditors (please refer to the Other Issues paragraph), all material disclosures of the standalone financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and presented a fair view of the standalone financial position of ONYX Healthcare as at December 31, 2022 and 2021, and standalone business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

### **Basis of audit opinion**

We have conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the auditing standards of the Republic of China. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics of the Republic of China and maintained independence from ONYX Healthcare, and fulfilled other responsibilities under the code of ethics. We believe that the evidence obtained from audit and reports made by other auditors provide an adequate and appropriate basis for our opinion.

### **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment when auditing the 2022 standalone financial statements of ONYX Healthcare. These issues have already been addressed when we audited and formed our opinions on the standalone financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 standalone financial statements of ONYX Healthcare are as follows:

### **Existence of revenues from new top-10 buyers**

#### Description

Please refer to Note 4(29) for the accounting policy on revenue recognition. For a detailed description of revenue accounts, please refer to Note 6(21) of the standalone financial statements.

ONYX Healthcare and subsidiaries (presented as equity-accounted investments) are mainly involved in the design, manufacturing, and sale of medical computers. Due to the fact that medical computers are customized for specific purposes, the sale of which is highly susceptible to cyclicity and varies from customer to customer, project to project. For this reason, ONYX Healthcare is constantly in need of exploring new markets and meet orders for different projects, causing changes in top-10 buyers. After comparing ONYX Healthcare's top-10 buyers in 2022 and 2021, new buyers added to this year's top-10 list were considered to have a significant effect on the revenues of ONYX Healthcare and its subsidiaries. As a result, we have identified ONYX Healthcare's new buyers in the top-10 list as one of the key audit issues this year.

#### Audit procedures

This issue concerned ONYX Healthcare and certain subsidiaries (presented as equity-accounted investments), and the following audit procedures were taken specifically in relation to the key audit issues described above:

1. Assessment and testing of internal control processes on sales transactions to determine whether transactions were carried out according to the company's internal control system during the reporting period.
2. Reviewing industry background and profile of the new top-10 buyers.
3. Random checks for proof of revenue and transaction with new top-10 buyers in the current period.



## **Accounting estimates for inventory valuation**

### Description

For accounting policies on inventory valuation, please refer to Note 4(12) of the standalone financial statements; for major accounting estimates, assumptions, and uncertainties on inventory valuation, please refer to Note 5(2) of the standalone financial statements; for detailed inventory accounts, please refer to Note 6(4) of the standalone financial statements.

ONYX Healthcare is mainly involved in the design, manufacturing, and sale of medical computers. Due to the long useful life of medical computers, ONYX Healthcare is required to maintain inventory of certain products and peripherals for longer periods of time in order to meet customers' needs for long-term supply and maintenance. Any change in customers' purchase order or under-performance of the market would cause fluctuation in product pricing or slow down the rate at which inventory is sold, therefore increasing risk of loss on devaluation or obsolescence. ONYX Healthcare accounts for normal inventory at the lower of cost and net realizable value; inventory that exceeds certain duration of time or has been individually identified as obsolete will have loss provisions made on an item-by-item basis according to the devaluation loss provisioning policy.

ONYX Healthcare makes timely adjustments to inventory level in response to changes in market demand and the Company's development strategies. The Company carries a wide variety of medical computers, which also makes up a substantial portion of the Company's product portfolio and a high amount of inventory. Furthermore, evaluation of net realizable value on obsolete inventory often involves subjective judgments, making the estimated amount prone to uncertainties, and was one of the key areas we had to verify as part of our audit. For this reason, we have identified the estimation of inventory valuation losses as one of the key audit issues for this year.

### Audit procedures

This issue concerned ONYX Healthcare and certain subsidiaries (presented as equity-accounted investments), and the following audit procedures were taken specifically in relation to the key audit issues described above:

1. Evaluating the policy adopted by ONYX Healthcare to make provisions for inventory devaluation losses, based on our understanding of the company's operations and industry nature.

2. Examining details of individual inventory items that the management had considered to be obsolete, and verifying against supporting documents.
3. Testing the market prices based upon which net realizable values of individual inventory items were established, and making random checks to ensure that net realizable values were correctly calculated.

### **Other issues - audits by other auditors**

Amongst the equity-accounted business investments presented in the standalone financial statements of ONYX Healthcare, some of which had financial statements audited by other CPAs that we did not take part of. Therefore, opinions made in the standalone financial statements mentioned above in regards to such businesses were based on audited reports of other CPAs. As at December 31, 2022 and 2021, balances of the abovementioned equity-accounted investments totaled NT\$606,637 thousand and NT\$561,275 thousand, representing 32% and 34% of total assets, respectively. For the periods from January 1 to December 31, 2022 and 2021, comprehensive income recognized from the abovementioned companies totaled NT\$74,696 thousand and NT\$49,261 thousand, representing 35% and 40% of comprehensive income, respectively.

### **Responsibilities of the management and governing body to the standalone financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of standalone financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of standalone financial statements so that the standalone financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing financial statements also involved: assessing the ability of ONYX Healthcare to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governing body of ONYX Healthcare (including the Audit Committee) is responsible for supervising the financial reporting process.

### **Responsibilities of CPAs in Inspecting Individual Financial Statements**

The purposes of our audit were to obtain reasonable assurance of whether the financial statements were prone to material misstatements caused by fraud or error, and to issue a report of our audit opinions. Reasonable assurance provides a high degree of certainty. However, audit tasks conducted in accordance with auditing principles of the Republic of China do not necessarily guarantee detection of all material misstatements within the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with audit principles Republic of China, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of ONYX Healthcare.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of ONYX Healthcare to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of standalone financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or circumstances may still render ONYX Healthcare no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by ONYX Healthcare, and expressing opinions on standalone financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the standalone financial statements.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2022 standalone financial statements of ONYX Healthcare. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

PwC Taiwan

CPA

Lin, Chun-Yao

Weng, Shih-Rong

(Formerly known as) Securities and Futures Commission,  
Ministry of Finance

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

(Formerly known as) Securities and Futures Commission,  
Ministry of Finance

Approval reference: (88)-Tai-Cai-Zheng-(VI) No. 95577

February 21, 2023

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 265,189	14	\$ 54,982	3
1110	Financial assets at fair value through profit or loss - current	6(2)	7,211	-	10,125	1
1170	Net accounts receivable	6(3)	141,074	7	93,958	6
1180	Accounts receivable - related parties, net	7	98,723	5	114,101	7
1200	Other receivables	7	3,625	-	4,211	-
130X	Inventory	6(4)	264,044	14	239,372	14
1410	Prepayments		11,717	1	10,683	1
1470	Other current assets	8	1,699	-	1,520	-
11XX	<b>Total current assets</b>		<u>793,282</u>	<u>41</u>	<u>528,952</u>	<u>32</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	26,956	2	36,406	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	27,536	2	32,381	2
1550	Equity-accounted investments	6(6)	710,670	37	682,112	42
1600	Property, plant and equipment	6(7) and 8	293,776	15	22,105	2
1755	Right-of-use assets	6(8)	34,414	2	37,999	2
1760	Investment property - net	6(10), 7, and 8	-	-	277,645	17
1780	Intangible assets		5,593	-	4,589	-
1840	Deferred income tax assets	6(26)	19,622	1	14,133	1
1900	Other non-current assets	8	2,367	-	1,992	-
15XX	<b>Total non-current assets</b>		<u>1,120,934</u>	<u>59</u>	<u>1,109,362</u>	<u>68</u>
1XXX	<b>Total assets</b>		<u>\$ 1,914,216</u>	<u>100</u>	<u>\$ 1,638,314</u>	<u>100</u>

(Continued next page)

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loans	6(11)	\$ -	-	\$ 105,000	6
2130	Contractual liabilities - current	6(21)	57,996	3	75,430	5
2170	Accounts payable		81,270	4	86,685	5
2180	Accounts payable - related parties	7	5,857	-	7,223	1
2200	Other payables	6(13)	55,285	3	55,972	4
2220	Other payables - related parties	7	3,414	-	2,356	-
2230	Current income tax liabilities		46,954	3	17,442	1
2250	Liability reserves - current	6(16)	7,367	-	6,272	-
2280	Lease liabilities - current		4,154	-	4,824	-
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,376	1	10,744	1
2399	Other current liabilities - others		3,084	-	5,886	-
21XX	<b>Total current liabilities</b>		<u>275,757</u>	<u>14</u>	<u>377,834</u>	<u>23</u>
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	67,860	3	42,096	3
2540	Long-term loans	6(14)	144,910	8	155,043	9
2550	Liability reserves - non-current	6(16)	2,327	-	1,999	-
2570	Deferred income tax liabilities	6(26)	-	-	1,278	-
2580	Lease liabilities - non-current		30,371	2	33,021	2
2645	Guarantee deposits received	7	1,148	-	1,148	-
25XX	<b>Total non-current liabilities</b>		<u>246,616</u>	<u>13</u>	<u>234,585</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>522,373</u>	<u>27</u>	<u>612,419</u>	<u>37</u>
<b>Equity</b>						
Share capital						
3110	Common share capital	6(18)	332,612	17	302,612	19
Capital reserves						
3200	Capital reserves	6(17)(19)	679,472	36	462,673	28
Retained earnings						
3310	Legal reserves	6(20)	131,410	7	118,655	7
3320	Special reserves		49,896	3	44,993	3
3350	Unappropriated earnings		232,379	12	146,858	9
Other equity items						
3400	Other equity items		( 33,926)	( 2)	( 49,896)	( 3)
3XXX	<b>Total equity</b>		<u>1,391,843</u>	<u>73</u>	<u>1,025,895</u>	<u>63</u>
Major post-balance sheet date events 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,914,216</u>	<u>100</u>	<u>\$ 1,638,314</u>	<u>100</u>

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

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

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating revenues	6(21) and 7	\$ 1,329,319	100	\$ 935,272	100
5000 Operating costs	6(4)(24) (25) and 7	( 948,618)	( 71)	( 670,318)	( 72)
5900 Gross profit		380,701	29	264,954	28
5910 Unrealized gain on sales		( 20,752)	( 2)	( 14,016)	( 1)
5920 Realized gain on sales		14,016	1	10,246	1
5950 Net gross profit		373,965	28	261,184	28
Operating expenses	6(24) (25) and 7				
6100 Selling expenses		( 62,432)	( 5)	( 61,108)	( 7)
6200 Administrative expenses		( 47,908)	( 4)	( 43,515)	( 5)
6300 R&D expenses		( 86,018)	( 6)	( 76,926)	( 8)
6450 Expected credit impairment loss/reversal gain	12(2)	1,193	-	51	-
6000 Total operating expenses		( 195,165)	( 15)	( 181,498)	( 20)
6900 Operating profit		178,800	13	79,686	8
Non-operating income and expenses					
7100 Interest income		957	-	134	-
7010 Other income	6(22) and 7	19,210	2	9,765	1
7020 Other gains and losses	6(23) and 7	4,920	-	3,133	-
7050 Financial costs		( 3,115)	-	( 2,169)	-
7070 Share of profits/losses on equity-accounted subsidiaries, associated companies, and joint ventures	6(6)	41,061	3	50,301	6
7000 Total non-operating income and expenses		63,033	5	61,164	7
7900 Pre-tax profit		241,833	18	140,850	15
7950 Income tax expense	6(26)	( 38,870)	( 3)	( 13,299)	( 1)
8200 Current net income		\$ 202,963	15	\$ 127,551	14
<b>Other comprehensive income</b>					
<b>Items not reclassified into profit or loss</b>					
8316 Unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income	6(5)	(\$ 4,845)	( 1)	\$ -	-
8330 Share of other comprehensive income from subsidiaries, equity-accounted associated companies, and joint ventures - not reclassified into profit or loss		11,164	1	( 387)	-
8310 Items not reclassified into profit or loss - total		6,319	-	( 387)	-
<b>Items likely to be reclassified into profit or loss</b>					
8361 Financial statement translation differences arising from foreign operations		11,319	1	( 4,963)	( 1)
8380 Share of other comprehensive income from equity-accounted subsidiaries, associated companies, and joint ventures - likely to be reclassified into profit or loss		596	-	( 545)	-
8399 Income tax on items that are likely to be reclassified into profit or loss	6(26)	( 2,264)	-	992	-
8360 Items likely to be reclassified into profit or loss - total		9,651	1	( 4,516)	( 1)
8300 Other comprehensive income (net)		\$ 15,970	1	( \$ 4,903)	( 1)
8500 Total comprehensive income for the current period		\$ 218,933	16	\$ 122,648	13
EPS	6(27)				
9750 Basic earnings per share		\$ 6.24		\$ 4.22	
9850 Diluted earnings per share		\$ 6.20		\$ 4.20	

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Retained earnings				Other equity items		Total	
		Common share capital	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
<u>2021</u>									
Balance as at January 1, 2021		\$ 275,102	\$ 478,566	\$ 101,948	\$ 40,263	\$ 192,050	(\$ 7,984 )	(\$ 37,009 )	\$ 1,042,936
Current net income		-	-	-	-	127,551	-	-	127,551
Other current comprehensive income		-	-	-	-	-	( 4,516 )	( 387 )	( 4,903 )
Total comprehensive income for the current period		-	-	-	-	127,551	( 4,516 )	( 387 )	122,648
Appropriation and distribution of 2020 earnings:	6(20)								
Provision for legal reserves		-	-	16,707	-	( 16,707 )	-	-	-
Provision for special reserves		-	-	-	4,730	( 4,730 )	-	-	-
Cash dividends		-	-	-	-	( 123,796 )	-	-	( 123,796 )
Stock dividends	6(18)	27,510	-	-	-	( 27,510 )	-	-	-
Distribution of cash from capital reserves	6(19)(20)	-	( 27,510 )	-	-	-	-	-	( 27,510 )
Share-based payment	6(17)(19)	-	11,617	-	-	-	-	-	11,617
Balance as at December 31, 2021		<u>\$ 302,612</u>	<u>\$ 462,673</u>	<u>\$ 118,655</u>	<u>\$ 44,993</u>	<u>\$ 146,858</u>	<u>(\$ 12,500 )</u>	<u>(\$ 37,396 )</u>	<u>\$ 1,025,895</u>
<u>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
Current net income		-	-	-	-	202,963	-	-	202,963
Other current comprehensive income		-	-	-	-	-	9,651	6,319	15,970
Total comprehensive income for the current period		-	-	-	-	202,963	9,651	6,319	218,933
Appropriation and distribution of 2021 earnings:	6(20)								
Provision for legal reserves		-	-	12,755	-	( 12,755 )	-	-	-
Provision for special reserves		-	-	-	4,903	( 4,903 )	-	-	-
Cash dividends		-	-	-	-	( 99,784 )	-	-	( 99,784 )
Cash issue	6(18)(19)	30,000	233,100	-	-	-	-	-	263,100
Cost of cash issue reserved for subscription by employees as remuneration	6(17)(19)	-	8,174	-	-	-	-	-	8,174
Distribution of cash from capital reserves	6(19)(20)	-	( 33,261 )	-	-	-	-	-	( 33,261 )
Share-based payment	6(17)(19)	-	8,786	-	-	-	-	-	8,786
Balance as at December 31, 2022		<u>\$ 332,612</u>	<u>\$ 679,472</u>	<u>\$ 131,410</u>	<u>\$ 49,896</u>	<u>\$ 232,379</u>	<u>(\$ 2,849 )</u>	<u>(\$ 31,077 )</u>	<u>\$ 1,391,843</u>

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih



ONYX Healthcare Inc.  
Standalone Cash Flow Statement  
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<b>Cash flow from operating activities</b>			
Pre-tax profit for the current period		\$ 241,833	\$ 140,850
Adjustments			
Income, expenses, and losses			
Depreciation	6(7)(8)(24)	18,532	18,062
Depreciation of investment properties (presented as other gains and losses)	6(10)(23)	1,627	541
Amortization	6(24)	2,095	1,678
Expected credit impairment loss/reversal gain	12(2)	( 1,193 )	( 51 )
Loss on financial assets or liabilities at fair value through profit or loss	6(2)(12)(23)	12,468	921
Interest expenses		3,115	2,169
Interest income		( 957 )	( 134 )
Dividend income	6(22)	( 3,709 )	( 6,218 )
Share-based payment - remuneration	6(17)	16,474	11,046
Share of gain from subsidiaries and associated companies accounted using the equity method	6(6)	( 41,061 )	( 50,301 )
Gain on disposal of property, plant, and equipment	6(23)	( 250 )	-
Loss on lease amendment	6(8)(23)	-	5
Gain on elimination of overdue contract liabilities	6(22)	( 3,986 )	-
Unrealized gains/losses among affiliates		6,736	3,770
Change in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Financial assets mandatory to be carried at fair value through profit or loss		( 19 )	-
Notes receivable		-	49
Accounts receivable		( 45,923 )	( 38,796 )
Accounts receivable - related parties		15,378	( 59,433 )
Other receivables		584	( 1,647 )
Inventory		( 24,672 )	( 87,307 )
Prepayments		( 1,034 )	( 1,127 )
Other current assets		( 179 )	( 234 )
Net change in liabilities related to operating activities			
Financial liabilities held for trading		-	( 55 )
Contractual liabilities		12,226	11,011
Accounts payable		( 5,415 )	29,918
Accounts payable - related parties		( 1,366 )	3,288
Other payables		1,074	( 542 )
Other payables - related parties		1,058	( 1,245 )
Liability reserves		1,423	( 343 )
Other current liabilities		( 2,712 )	( 1,816 )
Cash inflow (outflow) from operating activities		202,147	( 22,309 )
Interests received		957	134
Dividends received		48,845	45,889
Interests paid		( 3,086 )	( 2,118 )
Income tax paid		( 18,389 )	( 40,853 )
Net cash inflow (outflow) from operating activities		230,474	( 19,257 )
<b>Cash flow from investing activities</b>			
Acquisition of financial assets at fair value through profit or loss		( 5,335 )	( 3,623 )
Disposal of financial assets at fair value through profit or loss		5,250	-
Acquisition of financial assets at fair value through other comprehensive income		-	( 30,000 )
Acquisition of equity-accounted investments		( 15,802 )	( 20,139 )
Acquisition of property, plant, and equipment	6(28)	( 10,816 )	( 294,412 )
Disposal of property, plant, and equipment		250	-
Acquisition of intangible assets		( 3,099 )	( 1,133 )
(Increase) decrease in guarantee deposits paid (presented as other current assets)		( 375 )	12,406
Net cash outflow from investing activities		( 29,927 )	( 336,901 )
<b>Cash flow from financing activities</b>			
(Decrease) increase in short-term loans	6(29)	( 105,000 )	105,000
Borrowing of long-term loan	6(29)	-	172,000
Repayment of long-term loan	6(29)	( 10,501 )	( 6,213 )
Repayment of lease principal	6(29)	( 4,894 )	( 5,054 )
Increase in guarantee deposits received		-	1,148
Cash issue	6(18)	263,100	-
Cash dividends paid	6(20)	( 99,784 )	( 123,796 )
Distribution of cash from capital reserves	6(19)	( 33,261 )	( 27,510 )
Net cash inflow from financing activities		9,660	115,575
Increase (decrease) in cash and cash equivalents in current period		210,207	( 240,583 )
Opening cash and cash equivalents balance	6(1)	54,982	295,565
Closing cash and cash equivalents balance	6(1)	\$ 265,189	\$ 54,982

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

ONYX Healthcare Inc.  
Notes to Standalone Financial Statements  
For 2022 and 2021

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 is 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 Company's ultimate parent.

II. Financial statement approval date and procedures

This standalone financial report was passed during the board of directors meeting dated February 21, 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 2022:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 3 regarding "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 regarding "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendment to IAS 37 regarding "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Improvements for years 2018-2020	January 1, 2022

After a thorough assessment, the Company 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

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

<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 Company expects no material financial or performance impact from the above standards and interpretations.

(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 Company expects no material financial or performance impact from the above standards and interpretations.

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies used for the preparation of standalone financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(I) Statement of compliance

The standalone financial statements have been prepared in accordance with "Regulations

Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of preparation

1. This standalone financial report is prepared based on historical cost, except for items including financial assets and liabilities at fair value through profit or loss (including derivatives) 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 by FSC (collectively referred to as "IFRSs" below) involves some adoption of critical accounting estimates, and the management is required to exercise certain judgment when applying the Company's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the standalone financial report.

(III) Foreign currency conversion

All items listed in the standalone financial report are measured using the currency of the main economic environment where the Company operates (i.e. the functional currency). This standalone financial report is presented using the Company's functional currency - "NTD."

1. Foreign currency transaction and balance

- (1) Foreign currency transactions are converted into the functional currency using the spot exchange rate at the transaction date or measurement date. Differences arising from the conversion of such transactions are recognized in current profit and loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are converted using the spot exchange rate as at the balance sheet date. Differences arising from exchange rate fluctuation are recognized as current period gain or loss.
- (3) For non-monetary assets and liabilities denominated in foreign currencies, those that are carried at fair value through profit or loss will have balances converted using the spot exchange rate as at the balance sheet date, and any exchange differences arising from the adjustment will be recognized in current profit and loss; those that are carried at fair value through other comprehensive income will have balances converted using the spot exchange rate as at the balance sheet date, and any exchange differences arising from the adjustment will be recognized in other comprehensive income; those that are not carried at fair value will have balances converted using the historical exchange rate applicable at the time when the transaction was initiated.
- (4) All gains and losses on the exchange are presented as "Other gains and losses" in the statement of comprehensive income.

2. Currency conversion for foreign operations

For entities and associated companies that have a functional currency different from the

presentation currency, performance results and financial position are converted into the presentation currency using the following methods:

- (1) Every asset and liability in the balance sheet is converted using the exchange rate as at the balance sheet date;
- (2) Every income, expense, and loss in the statement of comprehensive income is converted using the average exchange rate for the given period; and
- (3) All exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

1. Assets that satisfy any of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Assets that are expected to be realized within 12 months after balance sheet date.
- (4) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the balance sheet date, and those with restricted uses.

The Company classifies all assets that do not satisfy the above criteria as non-current assets.

2. Liabilities that satisfy any of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled over the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Liabilities that are due to be settled within 12 months after the balance sheet date.
- (4) Liabilities with repayment terms that can not be extended unconditionally for more than 12 months after the balance sheet date. Classification of liability is unaffected even if there are terms that give counterparties the option to be repaid in the form of equity instruments.

The Company classifies all liabilities that do not satisfy the above criteria as non-current assets.

(V) Cash equivalents

Cash equivalent refers to short-term and highly liquid investments that are readily convertible into known amounts of cash and are prone to an insignificant risk of changes in value. Time deposits that meet the abovementioned definitions and are held for a tenor of less than three months from initiation to meet short-term cash commitments are stated as cash equivalents.

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

1. Refers to financial assets that are not carried at cost after amortization or at fair value through other comprehensive income.
2. The Company adopts trade day accounting to account for financial assets at fair value through

profit or loss that conform with normal trade terms.

3. These items are recognized at fair value at initiation with transaction costs recognized through profit and loss and subsequently assessed at fair value with gains or losses recognized through profit and loss.
4. Dividend income is recognized in a standalone statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

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

1. Refers to equity instruments not held for trading for which an irrevocable choice was made at initiation to account for subsequent fair value changes through other comprehensive income.
2. The Company adopts trade day accounting to account for financial assets at fair value through other comprehensive income that conforms with normal trade terms.
3. These assets are recognized at fair value at initiation inclusive of transaction cost, and are subsequently measured at fair value:
  - A. Changes in the fair value of equity instruments are recognized through other comprehensive income. When the asset is removed from the balance sheet, all cumulative gains/losses previously recognized through other comprehensive income can not be reclassified to profit and loss and are transferred to retained earnings instead. Dividend income is recognized in a standalone statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

(VIII) Accounts receivable

1. Refers to accounts that the Company may collect unconditionally as consideration for the transfer of merchandise or rendering of service, according to the terms of the respective contracts.
2. Short-term accounts receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(IX) Impairment of financial assets

Accounts receivable with significant financing components are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit a significant increase in credit risk after initial recognition have loss reserves measured based on expected credit loss over the remaining duration. Accounts receivable that do not contain significant financing components have loss reserves measured based on expected credit

loss over the remaining duration.

(X) Removal of financial assets

Financial assets are removed from the balance sheet when entitlement to contractual cash inflow has ended.

(XI) Lease transaction as a lessor - operating lease

Income from the operating lease net of any incentive granted to the lessee is amortized on a straight-line basis over the lease duration and recognized in current profit or loss.

(XII) Inventory

Inventory is stated at the lower of cost or net realizable value. The amount in cost is determined using the weighted average method. The cost of finished goods and work-in-progress includes raw material, direct labor, other direct costs, and production-related overheads (allocated based on normal production capacity), but excludes the cost of borrowing. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to be incurred for completion and estimated costs necessary to complete the sale.

(XIII) Equity-accounted investments/subsidiaries and associated companies

1. A subsidiary refers to an entity (including a structured entity) in which the Company exercises control. The Company is considered to exercise control if it is exposed or entitled to variable returns generated by the entity and can influence such return.
2. Any unrealized gains/losses arising from transactions between the Company and subsidiaries have been eliminated. The subsidiaries have made the necessary adjustments to align their accounting policies with that of the Company.
3. Share of profits/losses from the associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the share of losses on a subsidiary equals or exceeds the Company's equity ownership, the Company will continue recognizing additional losses at the current shareholding percentage.
4. Associated company refers to an entity in which the Company exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Company accounts for associated companies using the equity method. Value at initial acquisition is accounted for at cost.
5. Share of profits/losses from an associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the Company's share of losses in an

associated company equals to or exceeds its equity interest in the associated company (including any other unsecured receivables), the Company will not recognize the extra losses unless the Company has a legal obligation or constructive obligation to pay, or has paid, liabilities on behalf of the associated company.

6. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income, and shareholding percentage, the Company will recognize the change of ownership proportionally in "Capital reserve."
7. Unrealized gains arising from transactions between the Company and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Company.
8. If the Company disposes of an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Company had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Company loses significant influence in the associated company. If the Company still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.
9. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the amount in current profit/loss and other comprehensive income attributable to parent company shareholders should be consistent between standalone and consolidated financial reports; the amount in equity attributable to parent company shareholders should also be consistent between standalone and consolidated financial reports.

(XIV) Property, plant and equipment

1. All property, plant and equipment are recorded at cost.
2. Subsequent costs incurred are added to book value or recognized as separate assets only when future economic benefits associated with the costs are likely to be realized by the Company. Such costs can be reliably measured. Book values of replaced components are removed from the balance sheet. All other maintenance expenses are recognized in current profit and loss when incurred.
3. Property, plant and equipment are subsequently measured at cost (except for land, which is not depreciated) and are depreciated on a straight-line basis over their estimated useful



lives. Significant compositions of property, plant, and equipment are depreciated separately.

4. The Company reviews the residual value, useful life, and depreciation method of all assets at the end of each financial year. If the residual value or useful life differs from the previous estimate, or if there is any material change to how an asset's future economic benefit is realized, the difference would be treated as a change in accounting estimate according to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" from the day the change occurs. The useful lives of various asset categories are explained in Note 6(7).

(XV) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Company recognizes a right-of-use asset and a lease liability on the day lease asset becomes available for use. For short-term lease and lease of low-value asset, lease payments are expensed using the straight-line method over the lease tenor.
2. Lease liability is recognized on the lease start date as the present value of outstanding lease payments discounted at the Company's incremental borrowing rate. Lease payments are made in fixed amounts and presented net of any lease incentives collectible.

Leases are subsequently measured at cost after amortization using the interest approach with interest expenses provided over the lease tenor. Lease liabilities will be re-evaluated for any change in lease tenor or lease payment that is not caused by modification of contract terms. In which case, the amount in remeasurement will be adjusted to right-of-use assets.

3. Right-of-use assets are recognized at cost on the lease start date. The cost includes:
  - (1) Initial measured amount in lease liability; and
  - (2) Any direct cost incurred at initiation.

Right-of-use assets are subsequently measured using the cost approach with depreciation expenses provided over the useful life or lease tenor, whichever expires the earlier. When lease liability is re-assessed, the right-of-use asset is adjusted for any remeasurement made to lease liability.

4. If there is any contract amendment that reduces the scope of the lease, the lessor will reduce the book value of the right-of-use asset accordingly to reflect partial or total termination of the lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

(XVI) Investment property

Investment properties are recognized at cost at initiation, and subsequently measured using the cost approach. Except for land, investment properties are depreciated on a straight-line

basis over the estimated useful life, which is 30 years.

(XVII) Intangible assets

Intangible asset mainly comprises the cost of computer software, which is amortized using the straight-line method over 3 years.

(XVIII) Impairment of non-financial assets

For assets that show signs of impairment on the balance sheet date, the Company first estimates the recoverable amount in such assets. It recognizes impairment losses if the recoverable amount is lower than the book value. The recoverable amount refers to the higher of an asset's fair value net of disposal cost or its utilization value. Impairment losses previously recognized can be reversed if asset impairment no longer exists or has been reduced. However, the reversal of impairment loss shall not increase the asset's book value above the amount in book value after depreciation/amortization if the impairment loss had not occurred in the first place.

(XIX) Loans

Refers to long-term and short-term funding borrowed from banks. Loans are recognized at fair value less transaction costs at initiation. Any subsequent differences between proceeds net of transaction cost and the redemption value are recognized as interest expenses in profit or loss using the effective interest rate method over the loan duration.

(XX) Accounts payable

1. Refers to liabilities arising from purchases of raw material, merchandise, or service on credit and accounts payable on operating and non-operating activities.
2. Short-term accounts payable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(XXI) Financial liabilities at fair value through profit or loss

1. Refers to financial liabilities that arise mainly to buy back in the near future, and financial liabilities held for trading that are not designated as hedging instruments under hedge accounting principles.
2. These items are recognized at fair value at initiation with transaction costs recognized through profit and loss and subsequently assessed at fair value with gains or losses recognized through profit and loss.

(XXII) Removal of financial liabilities

Financial liabilities are removed from the balance sheet upon fulfillment, cancellation, or expiry of contractual obligation.

(XXIII) Non-hedging derivatives

Non-hedging derivatives are measured at a fair value of the contract signing date at the

initiation. They are presented as financial assets or liabilities at fair value through profit or loss and subsequently measured at fair value. Gains or losses on non-hedging derivatives are recognized in profit and loss.

(XXIV) Liability reserves

Liability reserves (warranty) are obligations that the Company is legally liable or deemed liable to fulfill due to a past event. The Company is very likely to incur an outflow of economic benefit or resource to settle such an obligation. Liability reserves are recognized when the amount in obligation can be estimated reliably. Liability reserves represent the Company's best estimate of the present value of all future obligations that the Company is liable to settle as at the balance sheet date. The discount rate used is a pre-tax discount rate reflecting the market's current perception of the time value of currency and risks associated with the specific liability. The amount in discount is amortized and recognized as an interest expense. No liability reserve is made on future operating losses.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured as non-discounted amounts expected to be paid in the future and are recognized as expenses when relevant service is rendered.

2. Pension - Defined contribution plan

For a defined contribution plan, the contributions payable to the pension fund are recognized as pension costs in the year that occurred on an accrual basis. Prepaid contributions that are refundable in cash or can be offset against future payments are recognized as assets.

3. Employees' and directors' remuneration

Employees' and directors' remuneration are recognized as expense and liability when the entity becomes legally obligated or is deemed obligated to pay, and the amount can be reasonably estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate.

(XXVI) Share-based payment

In a share-based payment arrangement, the value of employees' services is measured based on the fair value of the equity instrument granted on the grant date. This payment is recognized as remuneration in the period vested, with corresponding adjustments made to equity. The fair value of the equity instrument should reflect the market price and the effects of both vesting and non-vesting conditions. The cost of remuneration to be recognized will be adjusted as service conditions and non-market value vesting conditions are met. The quantity of shares paid on the vesting date will determine the final amount to be recognized in the financial report.

(XXVII) Income tax

1. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity items.
2. The Company calculates current income tax based on the statutory tax rate applicable at countries of operation and where it generates taxable income as at the balance sheet date. The management regularly assesses income tax filing in accordance with applicable income tax laws and estimates income tax liabilities for the estimated amount in tax payable to the authority. Unappropriated earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is generated, when the earnings appropriation proposal is passed in a shareholder meeting and the amount in earnings retained can be ascertained.
3. Deferred income tax is accounted for using the balance sheet method and recognized on taxable temporary differences that arise between the taxable basis and book value of assets and liabilities shown in the standalone balance sheet. No deferred income tax is recognized upon initial recognition of an asset or liability (except in the case of business combination) if it affects neither accounting profit nor taxable income (tax loss) at the time of the transaction. Temporary differences arising from investment in subsidiaries and associated companies are not recognized as income tax asset/liability if the Company is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as at the balance sheet date.
4. Deferred income tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

(XXVIII) Dividend distribution

Dividends to the Company's shareholders are recognized in the financial report at the time the resolution is passed in a shareholder meeting. Cash dividends pending payment are recognized as liability, whereas stock dividends pending distribution are presented as pending stock dividends and reclassified into common share capital on the issuance baseline date.

(XXIX) Revenue recognition

1. Sales of goods

- (1) The Company manufactures and sells medical computers and peripherals. Sales revenues are recognized when control of the product is transferred to the customer; or in other words, when the product is delivered to the customer and the Company has no outstanding obligation that would otherwise affect the customer from accepting the product. Product transfer is deemed to have completed when the product is shipped to the designated location and the customer accepts the product according to the terms of the sales contract, or if there is objective evidence to prove that acceptance has been made, and thereby transferring all risks associated with obsolescence and loss to the customer.
- (2) The Company offers a standard warranty on the products sold and is obligated to repair defective products. Liability reserves are made to account for this obligation at the time of sale.
- (3) Accounts receivable are recognized when products are delivered to the customer because this is the point of time when the Company gains unconditional rights to contractual proceeds and is entitled to collect consideration from customers simply through the passage of time.

2. Warranty income

Warranty income in advance that the Company receives for the sale of warranty extension is reclassified into income based on the remaining service duration.

(XXX) Government subsidies

Government subsidies are recognized at fair value when the Company has reasonable assurance towards fulfilling the government's subsidy criteria and receiving the subsidy. For government subsidies aimed to reimburse expenses incurred, the Company will recognize government subsidies through current profit and loss in a systematic manner when the relevant expenses are incurred.

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

The management had exercised judgment to determine the accounting policies to adopt when the standalone financial report was prepared and made accounting estimates and assumptions based on prevailing circumstances and reasonable expectations toward future events as at the balance sheet date. The significant accounting estimates and assumptions made can differ from the actual result, which the management will continually evaluate and adjust based on historical experience and other factors. These estimates and assumptions may result in major adjustments to the book value of assets and liabilities in the next financial year. Uncertainties associated with significant accounting judgments, estimates, and assumptions are explained below:

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

Due to the fact that inventory is presented at the lower of cost or net realizable value, the Company is required to exercise judgment and make estimates in order to determine the net realizable value of inventory as at the balance sheet date. Inventory as at the balance sheet may be susceptible to normal wear, obsolescence, or loss of market value due to rapidly changing technologies. The Company estimates the above losses and reduces inventory cost down to the net realizable value. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes.

Book value of the Company's inventory as at December 31, 2022 totaled \$264,044.

VI. Notes to major accounts

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Petty cash	\$ 312	\$ 245
Check and current deposit	234,167	54,737
Time deposit	<u>30,710</u>	<u>-</u>
	<u>\$ 265,189</u>	<u>\$ 54,982</u>

1. All financial institutions that the Company deals with are of strong credit background. The Company 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>December 31, 2022</u>	<u>December 31, 2021</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 10,208	\$ 9,873
Valuation adjustment	<u>(2,997)</u>	<u>252</u>
	<u>\$ 7,211</u>	<u>\$ 10,125</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
Valuation adjustment	(	3,044)		6,406
	\$	<u>26,956</u>	\$	<u>36,406</u>

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

	<u>2022</u>	<u>2021</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	(\$ 12,698)	(\$ 865)
Debt instrument	249	-
Derivatives	( 19)	-
	<u>(\$ 12,468)</u>	<u>(\$ 865)</u>

2. None of the Company's financial assets at fair value through profit or loss was 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) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 143,883	\$ 98,292
Less: loss provisions	( 2,809)	( 4,334)
	<u>\$ 141,074</u>	<u>\$ 93,958</u>

1. Accounts receivable (including related parties) aging analysis:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ 198,034	\$ 194,109
Overdue within 30 days	37,530	11,090
Overdue 31 - 60 days	5,061	1,793
Overdue more than 121 days	1,981	5,401
	<u>\$ 242,606</u>	<u>\$ 212,393</u>

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

2. Balances of accounts receivable (including related parties) as at December 31, 2022 and 2021, 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, 2021 were \$114,213 and \$4,385, respectively.
3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Company's accounts receivable (including related parties) as of December 31, 2022 and 2021, amounted to \$239,797, and \$208,059, respectively.
4. The Company held no collateral on accounts receivable (including related parties).
5. For credit risk information on accounts receivable (including related parties), please refer to Note 12(2).

(IV) Inventory

	<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	12,943	( 1,586)	11,357
	<u>\$ 303,831</u>	<u>(\$ 39,787)</u>	<u>\$ 264,044</u>

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 139,530	(\$ 12,885)	\$ 126,645
Work-in-progress	37,966	( 652)	37,314
Semi-finished goods	76,354	( 9,366)	66,988
Finished goods	10,638	( 2,213)	8,425
	<u>\$ 264,488</u>	<u>(\$ 25,116)</u>	<u>\$ 239,372</u>

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

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 886,116	\$ 647,996



Obsolescence and devaluation loss	28,486	10,936
Other operating costs (Note)	17,847	-
Service and warranty cost	15,062	11,280
Loss on stock-take	1,107	106
	<u>\$ 948,618</u>	<u>\$ 670,318</u>

Note: Raw materials previously placed at an OEM plant were lost during return shipment, for which The Company has recognized losses in other operating costs. In January 2023, relevant liability was clarified and claims for compensation were made.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current portion:		
Equity instrument		
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 69,334	\$ 69,334
Valuation adjustment	<u>(41,798)</u>	<u>(36,953)</u>
	<u>\$ 27,536</u>	<u>\$ 32,381</u>

1. The Company 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 value of these investments was reported at \$27,536 and \$32,381 as at December 31, 2022 and 2021.
2. The amounts of fair value changes recognized in the consolidated income statement through other comprehensive income measured at the fair value of financial assets was \$(4,845) and \$0 in 2022 and 2021, respectively.
3. None of the Company'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>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries:		
ONXY HEALTHCARE USA, INC. (OHU)	\$ 77,251	\$ 94,100
ONYX HEALTHCARE EUROPE B.V.(ONI)	13,255	11,672
Onyx Healthcare (Shanghai) Inc. (OCI)	5,822	7,508

iHELPER Inc. (iHELPER)	7,705	7,557
Associated companies:		
Winmate Inc. (Winmate)	<u>606,637</u>	<u>561,275</u>
	<u>\$ 710,670</u>	<u>\$ 682,112</u>

#### 1. Subsidiaries

- (1) For information relating to the Company's subsidiaries, please refer to Note 4(3) of the 2022 consolidated financial statements.
- (2) The Company's board of directors made a resolution during the meeting held in December 2021 to invest US\$200,000 into subsidiary - OCI for additional working capital.
- (3) Share of profits/losses on equity-accounted subsidiaries and associated companies amounted to \$41,061 in 2022 and \$50,301 in 2021.

#### 2. Associated companies

- (1) Profile of significant associated companies:

<u>Name of associated company</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>	<u>Shareholding %</u>	<u>Amount presented</u>
Winmate (Note)	13.99%	<u>\$ 606,637</u>	13.85%	<u>\$ 561,275</u>

Note: Although the Company 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.

- (2) Summary financial information of significant associated companies:

#### Balance sheet

	<u>Winmate</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 2,417,479	\$ 2,320,961
Non-current assets	1,347,730	1,208,922
Current liabilities	( 1,210,738)	( 740,940)
Non-current liabilities	<u>( 15,176)</u>	<u>( 501,456)</u>
Total net assets	<u>\$ 2,539,295</u>	<u>\$ 2,287,487</u>
As a percentage of net assets across associated companies	\$ 355,247	\$ 318,919
Goodwill	<u>251,390</u>	<u>242,356</u>
Book value of associated company	<u>\$ 606,637</u>	<u>\$ 561,275</u>

Statement of comprehensive income

	<u>Winmate</u>	
	<u>2022</u>	<u>2021</u>
Income	<u>\$ 2,659,296</u>	<u>\$ 2,501,627</u>
Current net income	\$ 452,429	\$ 364,706
Other comprehensive income (net, after-tax)	<u>81,155</u>	<u>(6,582)</u>
Total comprehensive income for the current period	<u>\$ 533,584</u>	<u>\$ 358,124</u>
Dividends received from associated companies	<u>\$ 45,136</u>	<u>\$ 39,671</u>

(3) Fair value of significantly associated companies that are openly quoted:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Winmate	<u>\$ 850,252</u>	<u>\$ 787,214</u>

(VII) Property, plant and equipment

	<u>2022</u>							<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>			
January 1									
Cost	\$ -	\$ -	\$ 17,980	\$ 3,207	\$ 19,555	\$ 75,027	\$ -	\$ 115,769	
Accumulated depreciation	-	-	( 14,281)	( 2,365)	( 13,870)	( 63,148)	-	( 93,664)	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 842</u>	<u>\$ 5,685</u>	<u>\$ 11,879</u>	<u>\$ -</u>	<u>\$ 22,105</u>	
January 1	\$ -	\$ -	\$ 3,699	\$ 842	\$ 5,685	\$ 11,879	\$ -	\$ 22,105	
Addition	-	-	-	95	-	2,663	6,332	9,090	
Transfer	-	-	-	135	-	4,470	( 4,605)	-	
Reclassification	229,660	46,358	-	-	-	-	-	276,018	
Depreciation	-	-	( 1,891)	( 356)	( 4,461)	( 6,729)	-	( 13,437)	
December 31	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 716</u>	<u>\$ 1,224</u>	<u>\$ 12,283</u>	<u>\$ 1,727</u>	<u>\$ 293,776</u>	
December 31									
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 3,427	\$ 19,555	\$ 80,660	\$ 1,727	\$ 401,027	
Accumulated depreciation	-	( 2,440)	( 15,392)	( 2,711)	( 18,331)	( 68,377)	-	( 107,251)	
	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 716</u>	<u>\$ 1,224</u>	<u>\$ 12,283</u>	<u>\$ 1,727</u>	<u>\$ 293,776</u>	

2021

	<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	\$ -	\$ -	\$ 17,380	\$ 2,411	\$ 14,044	\$ 63,122	\$ 4,105	\$ 101,062
Accumulated depreciation	-	-	( 12,290)	( 2,022)	( 12,108)	( 57,070)	-	( 83,490)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090</u>	<u>\$ 389</u>	<u>\$ 1,936</u>	<u>\$ 6,052</u>	<u>\$ 4,105</u>	<u>\$ 17,572</u>
January 1	\$ -	\$ -	\$ 5,090	\$ 389	\$ 1,936	\$ 6,052	\$ 4,105	\$ 17,572
Addition	229,660	48,798	600	845	5,182	10,222	586	295,893
Transfer	-	-	-	-	3,007	1,684	( 4,691)	-
Reclassification	( 229,660)	( 48,526)	-	-	-	-	-	( 278,186)
Depreciation	-	( 272)	( 1,991)	( 392)	( 4,440)	( 6,079)	-	( 13,174)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 842</u>	<u>\$ 5,685</u>	<u>\$ 11,879</u>	<u>\$ -</u>	<u>\$ 22,105</u>
December 31								
Cost	\$ -	\$ -	\$ 17,980	\$ 3,207	\$ 19,555	\$ 75,027	\$ -	\$ 115,769
Accumulated depreciation	-	-	( 14,281)	( 2,365)	( 13,870)	( 63,148)	-	( 93,664)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 842</u>	<u>\$ 5,685</u>	<u>\$ 11,879</u>	<u>\$ -</u>	<u>\$ 22,105</u>

Major components of property, plant, and equipment held by the Company, 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 renovation 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 Company'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 Company leases buildings 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 can not be placed as collateral.
2. Lease tenors for buildings do not exceed 12 months.
3. Book value of right-of-use assets and recognized amounts of depreciation expense are presented below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 32,742	\$ 35,898
Office equipment	1,672	2,101
	<u>\$ 34,414</u>	<u>\$ 37,999</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 4,666	\$ 4,447
Office equipment	429	441
	<u>\$ 5,095</u>	<u>\$ 4,888</u>

4. Amounts of right-of-use assets added in 2022 and 2021 were \$3,035 and \$39,202, respectively.
5. Income and expenses relating to lease agreements are presented below:

	<u>2022</u>		<u>2021</u>
<u>Current income/expense accounts affected</u>			
Interest expense on lease liabilities	\$	648	\$ 643
Expenses on short-term lease agreements		9,305	7,703
Loss on lease amendment		-	5

6. Amounts of cash outflow incurred on leases totaled \$14,847 in 2022 and \$13,400 in 2021.

(IX) Leases - as a lessor

1. The Company leases out its land and buildings. The current lease tenor is from September 2021 to August 2024. However, 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 Company recognized rental income of \$6,906 and \$2,301 for the years ended December 31, 2022 and 2021, respectively, based on operating lease agreements, of which no variable lease payments were made.
3. Maturity analysis for lease payments collectible on operating leases:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>
2022	\$ -	\$	6,897
2023	-		6,897
2024	-		4,598
	<u>\$ -</u>	<u>\$</u>	<u>18,392</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>\$</u>	<u>47,985</u>	<u>\$ 277,645</u>
January 1	\$ 229,660	\$	47,985	\$ 277,645
Reclassification	( 229,660)	(	46,358)	( 276,018)

Depreciation	-	(1,627)	(1,627)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

January 1	\$ -	\$ -	\$ -
Reclassification	229,660	48,526	278,186
Depreciation	<u>-</u>	<u>(541)</u>	<u>(541)</u>
December 31	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>

December 31			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	<u>-</u>	<u>(813)</u>	<u>(813)</u>
	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>

1. The Company 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>2022</u>	<u>2021</u>
Rent income from investment property	<u>\$ 6,906</u>	<u>\$ 2,301</u>



Direct expenses incurred in relation to current rent \$ 1,627 \$ 541  
income generated from investment property

3. Fair value of the Company's investment properties was reported at \$280,333 as at December 31, 2021 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>December 31, 2021</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>December 31, 2021</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 December 31, 2022.

2. Interest expense recognized in profit or loss was \$364 and \$513 for 2022 and 2021, respectively.

(XII) Financial liabilities at fair value through profit or loss

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

	<u>2022</u>	<u>2021</u>
Financial liabilities held for trading		
Derivatives	<u>\$ -</u>	<u>(\$ 56)</u>

(XIII) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Employee and director remuneration payable	\$ 26,752	\$ 21,552
Salary and bonus payable	20,137	21,351
Equipment purchase payable	-	1,726
Other payables	<u>8,396</u>	<u>11,343</u>
	<u>\$ 55,285</u>	<u>\$ 55,972</u>

(XIV) Long-term loans

<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 repayable on a monthly basis	1.73%	Land and buildings	\$ 155,286
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>110年12月31日</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.00%	Land and buildings	\$ 165,787
Less: current portion of long-term loan				( 10,744)
				<u>\$ 155,043</u>

(XV) Pension

1. The Company has 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 contributes an amount equal to 6% of employee's 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. Total pension costs recognized under the above policies amounted to \$5,083 in 2022 and \$4,888 in 2021.

(XVI) Liability reserves

	<u>2022</u>		<u>2021</u>
	<u>Warranty</u>		<u>Warranty</u>
January 1	\$ 8,271	\$	8,614
Increase of liability reserves in the current period	7,690		6,318
Liability reserves used and reversed in the current period	( 6,267)	(	6,661)

December 31	<u>\$ 9,694</u>	<u>\$ 8,271</u>
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Analysis of liability reserves:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	<u>\$ 7,367</u>	<u>\$ 6,272</u>
Non-current	<u>\$ 2,327</u>	<u>\$ 1,999</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.

(XVII) Share-based payment

1. The Company had the following share-based payment arrangements in 2022 and 2021:

<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>2022</u> <u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>	<u>2021</u> <u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>
Opening balance (January 1) of outstanding warrants	1,000	\$ 121.50	1,000	\$ 139.50
Warrants voided in the current period	( 128)	-	-	-
Closing balance (December 31) of outstanding warrants	<u>872</u>	114.70	<u>1,000</u>	121.50
Closing balance (December 31) of exercisable warrants	<u>436</u>		<u>-</u>	

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

December 31, 2022

<u>Type of agreement</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Shares (thousand shares)</u>	<u>Exercise price (NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	872	\$ 114.70

<u>December 31, 2021</u>				
<u>Type of agreement</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Shares (thousand shares)</u>	<u>Exercise price (NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	1,000	\$ 121.50

4. The Company 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 (NTD)</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Risk-free rate</u>	<u>Fair value per unit (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>2022</u>	<u>2021</u>
Employee warrants	\$ 8,300	\$ 11,046
Cash issue retain for subscription by employees	8,174	-
	<u>\$ 16,474</u>	<u>\$ 11,046</u>

(XVIII) Share capital

1. Having accumulated the required number of electronic votes, a resolution was passed during the shareholder meeting held in May 2021 to capitalize \$27,510 of earnings and issue 2,751 thousand new shares. Registration for the above capital increase was completed in September 2021.
2. 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 December 31, 2022. Proceeds from issued shares have been fully collected.

Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) in 2022 and 2021 is explained below:

	<u>2022</u>	<u>2021</u>
January 1	30,261	27,510
Stock dividends	-	2,751
Cash issue	<u>3,000</u>	<u>-</u>
December 31	<u><u>33,261</u></u>	<u><u>30,261</u></u>

3. 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(17) for details.
4. 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.

(XIX) 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>2022</u>			<u>Total</u>
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Others</u>	
January 1	\$ 446,346	\$ 16,327	\$ -	\$ 462,673
Cash issue	233,100	-	-	233,100
Cash issue retain for subscription by employees	8,174	-	-	8,174
Distribution of cash from capital reserves(	33,261)	-	-	( 33,261)
Employee warrants	-	8,786	-	8,786
Lapsed share option	<u>-</u>	<u>( 228)</u>	<u>228</u>	<u>-</u>
December 31	<u><u>\$ 654,359</u></u>	<u><u>\$ 24,885</u></u>	<u><u>\$ 228</u></u>	<u><u>\$ 679,472</u></u>

	<u>2021</u>		
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Total</u>
January 1	\$ 473,856	\$ 4,710	\$ 478,566
Distribution of cash from capital reserves	( 27,510)	-	( 27,510)
Employee warrants	-	11,617	11,617
December 31	<u>\$ 446,346</u>	<u>\$ 16,327</u>	<u>\$ 462,673</u>

(XX) Retained earnings

1. According to the Articles of Incorporation, annual net income concluded by the Company is the 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 the 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 the board of directors' proposal and shareholder meeting resolution. The amount in 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 in reserve that exceeds paid-up capital by 25% may be distributed in 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 at 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 2021 earnings appropriation proposal was passed through shareholder meeting resolution on May 31, 2022, whereas the 2020 earnings appropriation proposal was resolved by shareholders on May 22, 2021 after accumulating the required number of electronic votes. Details are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserves	\$ 12,755		\$ 16,707	
Special reserves	4,903		4,730	
Cash dividends	99,784	\$ 3.0	123,796	\$ 4.5
Stock dividends	-	-	27,510	1.0
	<u>\$ 117,442</u>		<u>\$ 172,743</u>	

(1) 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.

(2) A resolution was passed after accumulating the required number of electronic votes during the shareholder meeting held on May 22, 2021 to issue additional common shares at a premium above face value against the capitalization of \$27,510 in capital reserves. This is equivalent to NT\$1 of stock dividends per share.

As explained above, the appropriation of 2021 and 2020 earnings were indifferent from the proposals raised by the board of directors.

5. Appropriation of 2022 earnings has been proposed and passed by the board of directors during the meeting held on February 21, 2023; details are as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision for legal reserves	\$ 20,296	
Reversal for special reserve	( 15,970)	
Cash dividends	166,307	\$ 5.0

As of February 21, 2023, it has not been resolved by the shareholders' meeting.

(XXI) Operating revenues

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 1,329,319</u>	<u>\$ 935,272</u>

1. Breakdown of revenue from contracts with customers

The Company 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:

	<u>Medical computers</u>		<u>Services and warranty</u>	
<u>2022</u>	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>	
Revenue from contracts	<u>\$ 1,299,123</u>	<u>\$ 30,196</u>	<u>\$ 1,329,319</u>	

with external customers

Timing of revenue recognition

Revenues recognized at a specific time	\$ 1,299,123	\$ -	\$ 1,299,123
Revenues recognized progressively over time	<u>-</u>	<u>30,196</u>	<u>30,196</u>
	<u>\$ 1,299,123</u>	<u>\$ 30,196</u>	<u>\$ 1,329,319</u>

<u>2021</u>	<u>Medical computers</u>	<u>Services and warranty</u>	
	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 909,348</u>	<u>\$ 25,924</u>	<u>\$ 935,272</u>
Timing of revenue recognition			
Revenues recognized at a specific time	\$ 909,348	\$ -	\$ 909,348
Revenues recognized progressively over time	<u>-</u>	<u>25,924</u>	<u>25,924</u>
	<u>\$ 909,348</u>	<u>\$ 25,924</u>	<u>\$ 935,272</u>

## 2. Contractual liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contractual liabilities - current:			
Service and sales contract	\$ 49,143	\$ 64,568	\$ 40,482
Warranty contract	8,853	10,862	13,339
Contractual liabilities - non-current:			
Service and sales contract	54,939	26,024	31,995
Warranty contract	<u>12,921</u>	<u>16,072</u>	<u>20,699</u>
	<u>\$ 125,856</u>	<u>\$ 117,526</u>	<u>\$ 106,515</u>

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



	<u>2022</u>	<u>2021</u>
Amount in opening contractual liabilities recognized as current income		
Service and sales contract	\$ 55,940	\$ 23,557
Warranty contract	<u>10,862</u>	<u>13,339</u>
	<u>\$ 66,802</u>	<u>\$ 36,896</u>

(3) Long-term contracts not yet fulfilled

The Company had long-term contracts with customers that were unfulfilled (or not fully fulfilled) as at December 31, 2022 and 2021, which had allocated prices of \$125,856 and \$117,526, respectively. The management expects to recognize \$57,996 and \$75,430 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2022 and 2021, in the following year. In contrast, 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.

(XXII) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 6,906	\$ 2,301
Gain on elimination of overdue contract liabilities	3,986	-
Dividend income	3,709	6,218
Other income	<u>4,609</u>	<u>1,246</u>
	<u>\$ 19,210</u>	<u>\$ 9,765</u>

(XXIII) Other gains and losses

	<u>2022</u>	<u>2021</u>
Net gain (loss) on currency exchange	\$ 18,749	(\$ 5,979)
Loss on financial assets or liabilities at fair value through profit or loss	( 12,468)	( 921)
Depreciation of investment property	( 1,627)	( 541)
Gain on disposal of property, plant, and equipment	250	-
Government grant income	16	10,579
Loss on lease amendment	<u>-</u>	<u>( 5)</u>
	<u>\$ 4,920</u>	<u>\$ 3,133</u>

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

	<u>2022</u>		<u>2021</u>
Employee benefit expenses	\$ 169,472	\$	144,712
Depreciation on property, plant, and equipment	13,437		13,174
Depreciation on right-of-use assets	5,095		4,888
Amortization	<u>2,095</u>		<u>1,678</u>
	<u>\$ 190,099</u>	\$	<u>164,452</u>

(XXV) Employee benefit expenses

	<u>2022</u>		<u>2021</u>
Salary expenses	\$ 152,746	\$	129,134
Labor/health insurance premium	9,957		9,341
Pension expense	5,083		4,888
Other personnel expenses	<u>1,686</u>		<u>1,349</u>
	<u>\$ 169,472</u>	\$	<u>144,712</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 \$18,000 and \$11,329, and director remuneration at \$2,400 and \$2,400, for 2022 and 2021, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2022 were estimated based on the current year's profits and the percentages outlined in the Articles of Incorporation. The board of directors has resolved to pay \$18,000 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2021 employee remuneration and director remuneration at \$11,329 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2021 financial report and were paid in cash. Payment of the above amounts had yet to be completed as at February 21, 2023.

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

3. The Company employed a total of 120 employees in 2022 and 118 employees in 2021; the number of directors without a concurrent role as an employee was 5 in both years.

(XXVI) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2022</u>		<u>2021</u>
Current income tax:			
Income tax on current profit	\$ 46,530	\$	17,441

Additional tax on unappropriated earnings	505	-
Underestimation (overestimation) of income tax expenses in previous years	<u>866</u>	<u>( 1,817)</u>
Total current income tax	47,901	15,624
Deferred income tax:		
Occurrence and reversal of temporary difference	<u>( 9,031)</u>	<u>( 2,325)</u>
Income tax expense	<u>\$ 38,870</u>	<u>\$ 13,299</u>

(2) Income tax on other comprehensive income:

	<u>2022</u>	<u>2021</u>
Translation differences from foreign operations	<u>\$ 2,264</u>	<u>(\$ 992)</u>

2. Relationship between income tax expense and accounting profit

	<u>2022</u>		<u>2021</u>	
Income tax derived by applying the statutory tax rate to pre-tax profit	\$ 48,367		\$ 28,170	
Tax-exempt income under tax law	( 10,868)	(	13,054)	
Underestimation (overestimation) of income tax expenses in previous years	866	(	1,817)	
Additional tax on unappropriated earnings	<u>505</u>		<u>-</u>	
	<u>\$ 38,870</u>		<u>\$ 13,299</u>	

3. Deferred income tax assets and liabilities arising from temporary differences are presented below:

	<u>January 1</u>	<u>2022</u> <u>Recognized</u> <u>through profit</u> <u>and loss</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,654	\$ 285	\$ -	\$ 1,939
Allowance for inventory devaluation	5,023	2,934	-	7,957
Unrealized gross profit	2,803	1,347	-	4,150
loss on foreign investments	-	3,127	-	3,127
Unrealized loss on exchange	306	( 47)	-	259
Translation differences from foreign operations	2,898	-	( 2,264)	634
Others	<u>1,449</u>	<u>107</u>	<u>-</u>	<u>1,556</u>
	14,133	7,753	( 2,264)	19,622
- Deferred income tax liabilities:				
Gain on foreign investments	<u>( 1,278)</u>	<u>1,278</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,855</u>	<u>\$ 9,031</u>	<u>(\$ 2,264)</u>	<u>\$ 19,622</u>

	<u>January 1</u>	<u>2021</u> <u>Recognized</u> <u>through profit</u> <u>and loss</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,723	(\$ 69)	\$ -	\$ 1,654
Allowance for inventory devaluation	3,407	1,616	-	5,023
Unrealized gross profit	2,049	754	-	2,803
Unrealized loss on exchange	178	128	-	306
Translation differences from foreign operations	1,906	-	992	2,898
Others	<u>1,353</u>	<u>96</u>	<u>-</u>	<u>1,449</u>
	10,616	2,525	992	14,133
- Deferred income tax liabilities:				
Gain on foreign investments	<u>( 1,078)</u>	<u>( 200)</u>	<u>-</u>	<u>( 1,278)</u>
	<u>\$ 9,538</u>	<u>\$ 2,325</u>	<u>\$ 992</u>	<u>\$ 12,855</u>

4. The Company's profit-seeking enterprise business income tax returns have been

certified by the tax authority up to 2020.

(XXVII) EPS

	<u>2022</u>	<u>2022</u>	<u>EPS</u>
	<u>Amount after tax</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>(NTD)</u>
<u>Basic earnings per share</u>			
Current net income	<u>\$ 202,963</u>	<u>32,522</u>	<u>\$ 6.24</u>
<u>Diluted earnings per share</u>			
Current net income	\$ 202,963	32,522	
Dilutive effect of potential ordinary shares - employee remuneration	<u>-</u>	<u>200</u>	
Current net income plus effect of potential common shares	<u>\$ 202,963</u>	<u>32,722</u>	<u>\$ 6.20</u>

	<u>2021</u>	<u>2021</u>	<u>EPS</u>
	<u>Amount after tax</u>	<u>Weighted average number of outstanding shares (in thousand shares)</u>	<u>(NTD)</u>
<u>Basic earnings per share</u>			
Current net income	<u>\$ 127,551</u>	<u>30,261</u>	<u>\$ 4.22</u>
<u>Diluted earnings per share</u>			
Current net income	\$ 127,551	30,261	
Dilutive effect of potential ordinary shares - employee remuneration	<u>-</u>	<u>126</u>	
Current net income plus effect of potential common shares	<u>\$ 127,551</u>	<u>30,387</u>	<u>\$ 4.20</u>

Employee warrants issued by the Company had an anti-dilutive effect in 2022 and 2021, and were therefore excluded from the calculation of earnings per share.

(XXVIII) Supplementary cash flow information

1. Investing activities involving partial cash outlay:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant, and equipment	\$ 9,090	\$ 295,893
Plus: equipment proceeds payable at the beginning of the period	1,726	245

Less: Equipment proceeds payable at the end of the period	-	( 1,726)
Cash paid during the current period	<u>\$ 10,816</u>	<u>\$ 294,412</u>

2. Investment activities without cash flow effects:

	<u>2022</u>	<u>2021</u>
Reclassification of investment property to property, plant and equipment	<u>\$ 276,018</u>	<u>\$ -</u>
Reclassification of property, plant and equipment to investment property	<u>\$ -</u>	<u>\$ 278,186</u>

(XXIX) Change of liabilities relating to financing activities

	<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	\$ 37,845	\$ 308,632
Decrease in short-term loan	( 105,000)	-	-	( 105,000)
Repayment of long-term loan	-	( 10,501)	-	( 10,501)
Repayment of lease principal	-	-	( 4,894)	( 4,894)
Other changes without cash effect	-	-	1,574	1,574
December 31	<u>\$ -</u>	<u>\$ 155,286</u>	<u>\$ 34,525</u>	<u>\$ 189,811</u>
	<u>2021</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ -	\$ 4,201	\$ 4,201
Increase in short-term loans	105,000	-	-	105,000
Borrowing of long-term loan	-	172,000	-	172,000
Repayment of long-term loan	-	( 6,213)	-	( 6,213)
Repayment of lease principal	-	-	( 5,054)	( 5,054)
Other changes without cash effect	-	-	38,698	38,698
December 31	<u>\$ 105,000</u>	<u>\$ 165,787</u>	<u>\$ 37,845</u>	<u>\$ 308,632</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 Company</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 the common ultimate parent
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	"
ONYX HEALTHCARE USA, INC.	The Company's subsidiary
ONYX HEALTHCARE EUROPE B.V.	"
Onyx Healthcare (Shanghai) Inc.	"
iHELPER Inc.	"
Winmate Inc.	Associated company - investee accounted by the Company using the equity method
Litemax Electronics Inc.	Other related party - investee accounted by the Company's parent using the equity method
IBASE Technology Inc.	"
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.	"
Maxtek Technology Co., Ltd.	"
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	"
AAEON Foundation	Other related party - the Company's Chairman concurrently serves as chairman in the foundation
MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity
AtechOEM Inc.	"
Spark Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
MedAlliance Inc.	Other related party - the Company's Chairman is a 1st-degree relative 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>2022</u>		<u>2021</u>
Sales of goods:			
Parent company	\$ 7,772	\$	6,048
Affiliated subsidiary of the same group	8,227		4,444
Subsidiary			
ONYX HEALTHCARE USA, INC.	392,845		277,974
Others	37,260		39,085
Associated company	27		4
Other related parties	4,000		2,506
	<u>\$ 450,131</u>	<u>\$</u>	<u>330,061</u>

Selling prices of transactions with related parties were determined between the Company and the related parties, for which 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 30-90 days after month-end.

2. Purchases

	<u>2022</u>		<u>2021</u>
Purchase of merchandise:			
Parent company			
AAEON Technology Inc.	\$ 93,980	\$	71,265
Affiliated subsidiary of the same group	193		-
Subsidiary	6,503		486
Associated company	8,442		2,623
Other related parties	16,861		17,628
	<u>\$ 125,979</u>	<u>\$</u>	<u>92,002</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>2022</u>		<u>2021</u>
Parent company	\$ 2,630	\$	4,043
Affiliated subsidiary of the same group	-		15
Subsidiary	25,065		27,618
Associated company	191		1,376



Other related parties	<u>2,219</u>	<u>2,211</u>
	<u>\$ 30,105</u>	<u>\$ 35,263</u>

The operating costs and expenses listed above mainly represent service fees, donations and other sundry expenses. The donations are mainly for the promotion of technology, education and human development, and to fulfill the Company's corporate social responsibility.

#### 4. Rental income (presented as other income)

	<u>2022</u>	<u>2021</u>
Parent company		
AAEON Technology Inc.	<u>\$ 6,906</u>	<u>\$ 2,301</u>

Rent between the Company and related parties is negotiated after taking into consideration the market rate of adjacent area rates. Rent payments are collected on a monthly basis.

#### 5. Related party receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Parent company	\$ 182	\$ 2,093
Affiliated subsidiary of the same group	726	447
Subsidiary		
ONYX HEALTHCARE USA, INC.	88,426	99,253
Others	9,251	12,175
Other related parties	<u>138</u>	<u>133</u>
	<u>\$ 98,723</u>	<u>\$ 114,101</u>
Other receivables:		
Subsidiary	<u>\$ -</u>	<u>\$ 11</u>

#### 6. Related party payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Parent company	\$ 3,735	\$ 6,260
Associated company	5	22
Other related parties	<u>2,117</u>	<u>941</u>
	<u>\$ 5,857</u>	<u>\$ 7,223</u>
Other payables:		
Parent company	\$ 59	\$ 152
Subsidiary	2,133	2,201

Associated company	4	-
Other related parties	1,218	3
	<u>\$ 3,414</u>	<u>\$ 2,356</u>

7. Property transaction

Disposal of property, plant, and equipment:

	<u>2022</u>		<u>2021</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Parent company	<u>\$ 263</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

8. Guarantee deposits received

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company		
AAEON Technology Inc.	<u>\$ 1,148</u>	<u>\$ 1,148</u>

Represents rental deposit.

(IV) Compensation for key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 17,159	\$ 16,525
Retirement benefits	455	470
	<u>\$ 17,614</u>	<u>\$ 16,995</u>

VIII. Pledged assets

The Company had placed the following assets as collaterals:

<u>Assets</u>	<u>Book value</u>		<u>Purpose of security</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Time deposit (presented as other current assets)	<u>\$ 921</u>	<u>\$ 830</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non assets)	<u>\$ 2,367</u>	<u>\$ 1,992</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (note)	<u>\$ 229,660</u>	<u>\$ 229,660</u>	Long-term loans
Buildings and structures (note)	<u>\$ 46,358</u>	<u>\$ 47,985</u>	Long-term loans

Note: Property, plant and equipment and investment property as of December 31, 2022 and 2021, respectively, are shown in the table.

## 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

Appropriation of 2022 earnings has been proposed and passed by the board of directors during the meeting held on February 21, 2023; please see Note 6(20) for details.

## XII. Others

### I. Capital management

Objectives of the Company'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 Company 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>December 31, 2022</u>	<u>December 31, 2021</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	\$ 34,167	\$ 46,531
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 27,536	\$ 32,381
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 265,189	\$ 54,982
Accounts receivable	141,074	93,958
Accounts receivable - related parties	98,723	114,101
Other receivables (including related parties)	3,625	4,211
Other financial assets (presented as other current assets)	921	830
Guarantee deposits paid (presented as other current and non assets)	2,367	1,992
	<u>\$ 511,899</u>	<u>\$ 270,074</u>
<u>Financial liabilities</u>		

Financial liabilities carried at cost after amortization

Short-term loans	\$	-	\$	105,000
Accounts payable		81,270		86,685
Accounts payable - related parties		5,857		7,223
Other payables		55,285		55,972
Other payables - related parties		3,414		2,356
Long-term loans (including those due within one year)		155,286		165,787
Guarantee deposits received		1,148		1,148
		<u>\$</u>		<u>\$</u>
		302,260		424,171
Lease liabilities		<u>\$</u>		<u>\$</u>
		34,525		37,845

## 2. Risk management policy

- (1) The Company'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 Company undertakes forward exchange and cross-currency swap contracts to eliminate exchange rate risks, thereby minimizing the adverse impact of uncertainties on the Company's financial performance.
- (2) Risk management is performed by the Company'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 Company. 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) Please see Notes 6(2) and (12) for more details on the use of derivatives for financial risk mitigation.

## 3. Characteristics and level of significant financial risks

### (1) Market risk

#### Exchange rate risk

- A. The Company is a multinational organization, and transactions undertaken by the Company 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 the Company in managing exchange rate risks associated with its functional currency. The Company hedges overall exchange rate risk through its Treasury Department. Exchange rate risks are measured by the value of USD transactions that are highly likely to occur. Instruments such as forward exchange and cross-currency contracts are used to mitigate the effect of exchange rate volatility on expected sales revenues.

C. The Company uses forward exchange and cross-currency swap contracts to mitigate exchange rate risks but does not adopt hedge accounting treatment. Instead, it presents them as financial assets or liabilities at fair value through profit or loss. Please refer to Notes 6(2) and (12) for details.

D. Some of the Company's business activities involve non-functional currencies (the Company's functional currency is NTD), 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>December 31, 2022</u>		Book value	
		<u>Foreign currency (thousand dollars)</u>		<u>Exchange rate (NTD)</u>	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	8,473		30.71	\$ 256,275
<u>Non-monetary items</u>					
USD:NTD		2,515		30.71	77,251
RMB:NTD		1,320		4.41	5,822
EUR:NTD		405		32.72	13,255
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		1,392		30.71	42,748

		<u>December 31, 2021</u>		Book value	
		<u>Foreign currency (thousand dollars)</u>		<u>Exchange rate (NTD)</u>	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	8,453		27.68	\$ 233,979
<u>Non-monetary items</u>					
USD:NTD		3,400		27.68	94,100
RMB:NTD		1,730		4.34	7,508
EUR:NTD		373		31.32	11,672
<u>Financial liabilities</u>					

Monetary items

USD:NTD	1,239	27.68	34,296
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E. Total gain (loss) on exchange (realized and unrealized) recognized by the Company for monetary items susceptible to significant exchange rate fluctuation in 2022 and 2021 amounted to \$18,749 and (\$5,979), respectively.

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

(Foreign currency: functional currency)	<u>2022</u>		
	<u>Sensitivity analysis</u>		
	<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,563	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	773
RMB:NTD	1%	-	58
EUR:NTD	1%	-	133
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	427	-

(Foreign currency: functional currency)	<u>2021</u>		
	<u>Sensitivity analysis</u>		
	<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,340	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	941
RMB:NTD	1%	-	75
EUR:NTD	1%	-	117
<u>Financial liabilities</u>			

Monetary items

USD:NTD 1% 343 -

Price risk

- A. Equity instruments held by the Company 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. To better manage price risks on equity instruments, the Company has implemented concentration limits and diversified its investment portfolio accordingly.
- B. The Company 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 \$342 and \$465 in 2022 and 2021, 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 \$275 and \$324, respectively.

Cash flow and fair value risk of interest rate

- A. The Company's exposure to interest rate risk arises mainly from short-term and long-term loans borrowed at a floating interest rate, which gives rise to the risk of cash flow change due to the interest rate. This risk is partially offset by cash and cash equivalents held at a floating interest rate. The Company's floating rate borrowings in 2022 and 2021 were denominated in NTD.
- B. When interest rates on NTD borrowings had increased or decreased by 1%, with all other factors remaining constant, net income would have decreased or increased by \$1,242 and \$2,166 in 2022 and 2021, respectively. This is mainly due to the change in interest expense as a result of variable-rate borrowings.

(2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Company 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 Company has developed credit risk management practices. According to the Company's internal credit policy, all departments 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 Company adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 120 days.
- D. The Company 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 Company distinguishes 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 Company will continue taking legal actions to secure debt entitlement. The Company had no charged-off debt with ongoing collection activities as at December 31, 2022 and 2021.
- G. (1) Customers of good credit background and insured accounts receivable are subject to loss given a default of 0.2%. As at December 31, 2022 and 2021, the Company had outstanding accounts receivable of \$119,626 and \$88,801 and had made bad debt provisions of \$239 and \$199, respectively.  
(2) The Company 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 under normal credit conditions. Provision matrix as at December 31, 2022 and 2021, is as follows:

	<u>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2022</u>							
Expected loss given default	0~2%	8%	15%	44%	50%	100%	
Total book value	<u>\$ 116,811</u>	<u>\$ 1,322</u>	<u>\$ 3,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797</u>	<u>\$ 122,980</u>
Loss provision	<u>\$ 236</u>	<u>\$ 95</u>	<u>\$ 442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797</u>	<u>\$ 2,570</u>

	<u>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2021</u>							
Expected loss given default	0~2%	6%	21%	43%	50%	100%	
Total book value	<u>\$ 118,166</u>	<u>\$ 928</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,923</u>	<u>\$ 123,592</u>
Loss provision	<u>\$ 69</u>	<u>\$ 50</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,923</u>	<u>\$ 4,135</u>

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



	<u>2022</u>		<u>2021</u>	
January 1	\$	4,334	\$	4,385
Reversal of impairment loss	(	1,193)	(	51)
Amount unrecoverable and charged off	(	<u>332)</u>	<u></u>	<u>-</u>
December 31	<u>\$</u>	<u>2,809</u>	<u>\$</u>	<u>4,334</u>

Of loss reversals in 2022 and 2021, the reversal of impairment losses on receivables arising from customer contracts was \$1,193 and \$51, respectively.

### (3) Liquidity risk

- A. Cash flow projections are made by individual departments within the Company and consolidated by the Treasury Department. The Treasury Department is responsible for monitoring and predicting liquidity and capital requirements within the Company and ensuring that adequate capital has been sourced to support operational requirements.
- B. As at December 31, 2022 and 2021, the Company had undrawn credit limits of \$194,000 and \$59,000, respectively.
- C. Non-derivative financial liabilities are presented in the chart below. The Company 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.

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	\$ 81,270	\$ -	\$ -	\$ -
Accounts payable - related parties	5,857	-	-	-
Other payables	55,285	-	-	-
Other payables - related parties	3,414	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,973	12,973	38,920	109,193
Lease liabilities	4,744	2,415	6,643	26,324

December 31, 2021

<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	\$ 105,305	\$ -	\$ -	\$ -

estimated interest)				
Accounts payable	86,685	-	-	-
Accounts payable - related parties	7,223	-	-	-
Other payables	55,972	-	-	-
Other payables - related parties	2,356	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,353	12,353	37,059	116,337
Lease liabilities	5,471	4,645	6,673	27,034

D. The Company 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. 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. Fair value of investments in derivative instruments is determined using this input.

Level 3 input: Inputs that can not 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, accounts receivable (including related parties), other receivables (including related parties), other financial assets (presented as other current assets), guarantee deposits paid (presented as other 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. Financial and non-financial instruments carried at fair value are classified by the Company on the basis of the nature, characteristics and risks of the assets and the fair value hierarchy, and the related information is as follows:

(1) The Company's assets and liabilities by nature:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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Assets

Recurring fair value

Financial assets at fair value through profit or loss

Equity securities	\$ 7,211	\$ -	\$ 26,956	\$ 34,167
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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>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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Assets

Recurring fair value

Financial assets at fair value through profit or loss

Equity securities	\$ 10,125	\$ -	\$ 36,406	\$ 46,531
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Financial assets at fair value through other comprehensive income

Equity securities	-	-	32,381	32,381
	<u>\$ 10,125</u>	<u>\$ -</u>	<u>\$ 68,787</u>	<u>\$ 78,912</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:

	<u>TWSE/TPEX listed shares</u>
Market quotation	Closing price

- 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 Company adopts valuation techniques 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 Company'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 in 2022 or 2021.

6. Changes in level 3 input in 2022 and 2021 are explained below:

	<u>2022</u>	<u>2021</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
January 1	\$ 68,787	\$ 40,642
Additions in the current period	-	30,000
Recognized through profit and loss (Note 1)	( 9,450)	( 1,855)
Recognized in other comprehensive income (Note 2)	( 4,845)	-
December 31	<u>\$ 54,492</u>	<u>\$ 68,787</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. There had been no transfer to or from level 3 input in 2022 or 2021.

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, 2022</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	\$ 27,536	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture	26,956	Net asset value	Not applicable	Not applicable	Not applicable

companies

approach

	<u>Fair value as at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant and unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Equity instrument:					
Non-listed shares	\$ 32,381	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	36,406	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 Company exercises a high level of discretion and evaluation in selecting 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>December 31, 2022</u>		
		<u>Recognized in other comprehensive income</u>		
	<u>Input</u>	<u>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>December 31, 2021</u>		
		<u>Recognized in other comprehensive income</u>		
	<u>Input</u>	<u>Variation</u>	<u>Favorable variation</u>	<u>Adverse variation</u>
Financial assets				
Equity instrument	Weighted average funding cost	±0.5%	<u>\$ 1,750</u>	<u>(\$ 1,600)</u>

#### IV. Assessment of COVID-19 impact

Per assessment, the spread of COVID-19 and disease control policies imposed by the government had not caused a material impact on the Company's operations as of December 31, 2022. Furthermore, the Group has adopted appropriate measures to prevent the effect of COVID-19 on its operations and is closely monitoring future developments.

#### XIII. Other disclosures

##### I. Information related to significant transactions

Significant transactions undertaken by the Company in 2022, as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers, are explained below; disclosures concerning investees have been prepared based upon investees' audited financial statements for the corresponding period; 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. Trading of derivatives: Please see Notes 6(2) and (12).
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

Not applicable.

ONYX Healthcare Inc.  
Cash and cash equivalents  
December 31, 2022

Account set 1		Unit: NT\$ thousand
Item	Summary	Amount
Petty cash		\$ 312
Demand deposit - NTD		116,694
USD	USD 3,295 thousand; exchange rate: 30.71	101,199
EUR	EUR 497 thousand; exchange rate: 32.72	16,274
Time deposit - USD	USD 1,000 thousand; exchange rate: 30.71	30,710
		<u>\$ 265,189</u>

All time deposits mentioned above mature in less than 3 month's time and accrue interests at 4.7%.



ONYX Healthcare Inc.  
Net accounts receivable  
December 31, 2022

Unit: NT\$ thousand

Account set 2

Customer name	Summary	Amount	Remarks
Customer A		\$ 24,553	
Customer B		18,166	
Customer C		17,463	
Customer D		14,332	
Customer E		13,065	
Customer F		12,026	
Customer G		10,767	
Others		<u>33,511</u>	No single customer represented more than 5% of this account balance
		143,883	
Less: loss provisions		( 2,809)	
		<u>\$ 141,074</u>	

ONYX Healthcare Inc.  
Inventory  
December 31, 2022

Account set 3

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Cost</u>	<u>Net realizable value</u>	<u>Remarks</u>
Raw materials		\$	164,564	\$ 139,930	Measured at replacement original cost
Work-in-progress			61,993	55,525	Measured at net realizable value
Semi-finished goods			64,331	57,009	Measured at net realizable value
Finished goods			<u>12,943</u>	<u>14,348</u>	Measured at net realizable value
			303,831	<u>\$ 266,812</u>	
Less: Allowance for obsolescence and devaluation loss			<u>( 39,787)</u>		
			<u>\$ 264,044</u>		

ONYX Healthcare Inc.  
Change in equity-accounted investments  
January 1 to December 31, 2022

Account set 4

Unit: NT\$ thousand

Name	<u>Opening balance</u>		<u>Current period increase</u>		<u>Current period decrease</u>		<u>Closing balance</u>		<u>Market price or net equity</u>			<u>Collateralized or pledged</u>	<u>Remarks</u>
	<u>Shares</u>	<u>Book value</u>	<u>Shares</u>	<u>Amount (Note 1)</u>	<u>Shares</u>	<u>Amount (Note 2)</u>	<u>Shares</u>	<u>Proportion</u>	<u>Amount</u>	<u>Unit price (\$)</u>	<u>Total price</u>		
OHU	200,000	\$ 94,100	-	\$ 10,816	-	(\$ 27,665)	200,000	100%	\$ 77,251	\$ -	\$ -	None	
ONI	100,000	11,672	-	1,583	-	-	100,000	100%	13,255	-	-	None	
OCI	-	7,508	-	209	-	( 1,895)	-	100%	5,822	-	-	None	
iHelper	1,656,000	7,557	-	148	-	-	1,656,000	46%	7,705	-	-	None	
Winmate	10,041,000	<u>561,275</u>	203,000	<u>90,498</u>	-	<u>( 45,136)</u>	10,244,000	14%	<u>606,637</u>	83.0	850,252	None	
		<u>\$ 682,112</u>		<u>\$ 103,254</u>		<u>(\$ 74,696)</u>			<u>\$ 710,670</u>				

Note 1: Increases in the current period are the result of additional investments, the share of gain from subsidiaries and associated companies accounted using the equity method, effects of share-based payment, and cumulative translation adjustments.

Note 2: Decreases in the current period are the result of cash dividends collected from investees, share of loss from subsidiaries and associated companies accounted for using the equity method, and cumulative translation adjustments.

ONYX Healthcare Inc.

Long-term loans

December 31, 2022

Account set 5

Unit: NT\$ thousand

Lender	Summary	Amount borrowed	Contract duration	Interest rate	Collateral or security
Mega International Commercial Bank	Secured borrowings	\$ 155,286	May 28, 2021 to May 28, 2036	1.73%	Land and buildings
	Less: current portion of ( long-term loan	10,376)			
		<u>\$ 144,910</u>			

ONYX Healthcare Inc.  
Operating revenues  
January 1 to December 31, 2022

Unit: NT\$ thousand

Account set 6

Item	Quantity (pieces)	Amount	Remarks
Sales revenue			
- Medical computers	43,065	\$ 1,149,739	
- Others	213,801	154,759	
		1,304,498	
Less: sales return		( 3,113)	
Sales discount		( 2,262)	
Net sales revenue		1,299,123	
Services and warranty income		30,196	
		<u>\$ 1,329,319</u>	

ONYX Healthcare Inc.  
Operating costs  
January 1 to December 31, 2022

Account set 7

Unit: NT\$ thousand

Item	Amount
Opening raw materials	\$ 139,530
Plus: Raw materials purchased in the current period	463,759
Less: Closing raw materials	( 164,564)
Sale of raw materials	( 31,567)
Scrapping of raw materials	( 9,359)
Loss on stock-take of raw materials	( 486)
Raw materials used and reclassified to expenses	( 7,563)
Director raw materials	389,750
Direct labor	14,366
Manufacturing overhead	72,877
Manufacturing cost	476,993
Opening balance of work-in-progress and semi-finished goods	114,320
Plus: Semi-finished goods purchased	336,826
Less: Closing work-in-progress and semi-finished goods	( 126,324)
Sale of semi-finished goods	( 50,177)
Scrapping of work-in-progress	( 3,956)
Loss on stock-take of work-in-progress	( 608)
Requisition of work-in-progress and reclassification of work-in-progress to expense accounts	( 9,222)
Cost of finished goods	737,852
Opening balance of finished goods	10,638
Plus: Finished goods purchased	67,424
Raw materials and reclassification of work-in-progress products to finished products	7,906
Less: Closing balance of finished goods	( 12,943)
Scrapping of finished goods	( 499)
Loss on stock-take of finished goods	( 13)
Reclassification of finished goods to expenses	( 5,993)
Production/selling cost	804,372
Cost of raw materials and semi-finished goods sold	81,744
Cost of inventory sold	886,116
Inventory obsolescence and devaluation loss	28,486
Other operating costs	17,847
Service and warranty cost	15,062
Loss on stock-take	1,107
Operating costs	<u>\$ 948,618</u>

ONYX Healthcare Inc.  
Manufacturing overhead  
January 1 to December 31, 2022

Account set 8

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 36,633	
Depreciation	11,927	
Lease expenses	8,710	
Sundry purchases	4,377	
Insurance premium	4,351	
Other manufacturing overhead	6,879	No single item represented more than 5% of this account balance
	<u>\$ 72,877</u>	

ONYX Healthcare Inc.  
Selling expenses  
January 1 to December 31, 2022

Unit: NT\$ thousand

Account set 9

Item	Amount	Remarks
Salary expenses	\$ 25,584	
Service charges	25,215	
Advertising expenses	3,340	
Other expenses	8,293	No single item represented more than 5% of this account balance
	<u>\$ 62,432</u>	



ONYX Healthcare Inc.  
Administrative expenses  
January 1 to December 31, 2022

Unit: NT\$ thousand

Account set 10

Item	Amount	Remarks
Salary expenses	\$ 31,665	
Professional service expenses	3,701	
Insurance premium	3,333	
Other expenses	9,209	No single item represented more than 5% of this account balance
	<u>\$ 47,908</u>	

ONYX Healthcare Inc.  
R&D expenses  
January 1 to December 31, 2022

Unit: NT\$ thousand

Account set 11

Item	Amount	Remarks
Salary expenses	\$ 44,498	
R&D budget	19,624	
Testing expenses	8,194	
Other expenses	13,702	No single item represented more than 5% of this account balance
	<u>\$ 86,018</u>	

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function  
January 1 to December 31, 2022

Account set 12

Unit: NT\$ thousand

<u>Item</u>	<u>2022</u>			<u>2021</u>		
	<u>Presented as operating cost</u>	<u>Presented as operating expense</u>	<u>Total</u>	<u>Presented as operating cost</u>	<u>Presented as operating expense</u>	<u>Total</u>
Employee benefit expenses						
Salary expenses	\$ 50,999	\$ 97,700	\$ 148,699	\$ 40,512	\$ 84,548	\$ 125,060
Labor/health insurance premium	4,007	5,950	9,957	3,557	5,784	9,341
Pension expense	1,868	3,215	5,083	1,714	3,174	4,888
Directors' compensation	-	4,047	4,047	-	4,074	4,074
Other employee benefit expenses	747	939	1,686	606	743	1,349
	<u>\$ 57,621</u>	<u>\$ 111,851</u>	<u>\$ 169,472</u>	<u>\$ 46,389</u>	<u>\$ 98,323</u>	<u>\$ 144,712</u>
Depreciation	<u>\$ 11,927</u>	<u>\$ 6,605</u>	<u>\$ 18,532</u>	<u>\$ 12,590</u>	<u>\$ 5,472</u>	<u>\$ 18,062</u>
Amortization	<u>\$ -</u>	<u>\$ 2,095</u>	<u>\$ 2,095</u>	<u>\$ -</u>	<u>\$ 1,678</u>	<u>\$ 1,678</u>

1. Total employee count was 120 in 2022 and 118 in 2021; the number of directors without a concurrent role as an employee was 5 in both years.
2. The Company is required to make the mandatory disclosures below given that its shares are listed for trading on Taipei Exchange (TPEX):
  - (1) Average employee benefit expense was reported at \$1,438 for 2022 and \$1,245 for 2021.
  - (2) Average employee salary expense was reported at \$1,293 for 2022 and \$1,107 for 2021.
  - (3) Change in average employee salary expenses was calculated 16.80%.
  - (4) The Company has assembled an Audit Committee. Therefore, no compensation was recognized for supervisors in 2022 and 2021.

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function (continued)  
January 1 to December 31, 2022

Account set 12

Unit: NT\$ thousand

3. The Company's salary and compensation policy is as follows:
- (1) In accordance with the Company's Articles of Incorporation, the remuneration of the Company's directors shall be determined by a meeting of the board of directors authorized by the shareholders based on the extent of their participation in the Company's operations and the value of their contributions, with reference to domestic and international industry standards. The Articles of Incorporation also caps director remuneration at 3% of annual profit. Principles for payment of director remuneration:
    - A. The Company may compensate independent directors with monthly fixed payments regardless of profitability, based on individual participation and contribution to the Company's operations.
    - B. Independent directors of the Company are not entitled to director remuneration or any other form of profit-sharing besides monthly fixed compensations. For non-independent directors, the Remuneration Committee will recommend the method and amount of remuneration after considering the board's overall performance and the Company's business performance and raising the proposal for board of directors' resolution.
  - (2) Compensations for the Company's managers are determined after taking into consideration their individual duties, individual contribution, the performance of the Company for the year, and future risks. Compensation proposals are reviewed by the Remuneration Committee and forwarded to the board of directors for final resolution. Managers' compensation comprises the same components as general staff, which include: monthly salary, quarterly incentive bonus, and employee remuneration.
  - (3) The Company determines employees' salary after considering the organization's performance, industry risks and trends, as well as performance, target accomplishment, and contribution of each individual. Employees' compensation includes: monthly salary, quarterly incentive bonus determined based on organizational performance, and remuneration determined based on the Company's profit performance for the year.

ONYX Healthcare Inc.

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

December 31, 2022

Attachment 1

Unit: NT\$ thousand  
(unless specified otherwise)

Company name	Type of security	Name of security (Note 1)	Relationship with the securities issuer (Note 2)	Account category	Shares	End-of-period		Fair value	Remarks (Note 4)
						Book value (Note 3) (Note 3)	Shareholdings percentage		
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	\$ 2,443	0.04%	\$ 2,443	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	199,927	4,768	0.16%	4,768	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	26,956	13.04%	26,956	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
ONYX Healthcare Inc.	Shares	ProtectLife International Biomedical Inc.	None	Financial assets at fair value through other comprehensive income - non- current	750,000	25,155	6.30%	25,155	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.

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

January 1 to December 31, 2022

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

<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>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</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)	(\$ 392,845)	(29.55%)	90 days after month-end	\$ -	-	\$ 88,426	36.88%	None
ONYX Healthcare Inc.	AAEON Technology Inc.	Parent company	Purchase	93,980	10.73%	30 days after month-end	-	-	( 3,735)	(4.29%)	
ONYX HEALTHCARE USA, INC.	AAEON Technology Inc.	Parent company	Purchase	99,791	18.65%	60 days after month-end	-	-	( 17,152)	(16.12%)	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.

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

December 31, 2022

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	\$ 88,426	4.19	\$ -	-	\$ 41,176	\$ -

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.

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

January 1 to December 31, 2022

Attachment 4

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Serial No.</u> <u>(Note 1)</u>	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the</u> <u>transacting party</u> <u>(Note 2)</u>	<u>Transaction summary</u>			<u>As a percentage of</u> <u>consolidated</u> <u>revenues or total</u> <u>assets</u> <u>(Note 3)</u>
				<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 392,845	90 days after month-end	24.55%
"	"	"	"	Accounts receivable	88,426	90 days after month-end	4.50%

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-subsubsidiary 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-subsubsidiary 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.

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

January 1 to December 31, 2022

Attachment 5

Name of investor	Name of investee (Notes 1 and 2)	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee (Note 2(2))	Investment gains/losses recognized in the current period (Note 2(3))	Remarks
				End of current	End of previous	Shares	Percentage (%)	Book value			
				period	year						
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 61,420	\$ 55,360	200,000	100	\$ 77,251	(\$ 20,292)	(\$ 20,292)	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support and maintenance of medical computers and peripherals	3,272	3,132	100,000	100	13,255	164	164	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,705	323	148	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	568,585	552,783	10,244,000	14	606,637	452,430	62,936	None

Unit: NT\$ thousand  
(unless specified otherwise)

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 and December 31, 2022 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc.

Mainland investments - profile

January 1 to December 31, 2022

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 Taiwan</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)B.)</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>from Taiwan</u>				<u>investee</u>	<u>current period</u>			
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 67,562	1	\$ 67,562	\$ -	\$ -	\$ 67,562	(\$ 1,895)	100	(\$ 1,895)	\$ 5,822	\$ -	None		

<u>Company name</u>	<u>Closing cumulative balance of investment capital transferred from Taiwan into Mainland China</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 China</u>
ONYX Healthcare Inc.	\$ 67,562	\$ 67,562	\$ 840,533

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 methods

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 audited by the R.O.C. partner of an international CPA firm.
  - B. Based on audited financial statements of the parent company in Taiwan.
  - C. Others.

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 and December 31, 2022 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc.

Information on major shareholders

December 31, 2022

Attachment 7

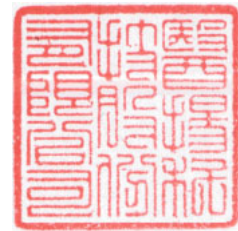
	<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding</u>	<u>Shareholding percentage (%)</u>
	AAEON Technology Inc.	16,257,179		48.87
	Chuang, Yung-Shun	2,745,068		8.25
	ASUSTeK Computer Inc.	1,694,112		5.09

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.

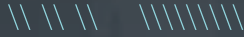
Note 2: Shareholders who placed shares under the trust are disclosed in trustors' sub-accounts held with various trustees. According to Securities and Exchange Act, shareholders with more than 10% ownership interest are subject to insider equity reporting. Insider equity includes shares held in own name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

Onyx Healthcare Inc.



Chairman Chuang, Yung-Shun





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