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Onyx Healthcare Inc.

# ANNUAL REPORT 2021



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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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**V. EXCHANGEABLE BOND EXCHANGE MARKETPLACE:** None.

## **VI. COMPANY WEBSITE**

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## Table of Contents

<b>ONE</b>	<b>LETTER TO SHAREHOLDERS</b> .....	<b>1</b>
<b>TWO</b>	<b>COMPANY PROFILE</b> .....	<b>5</b>
	I. Date of establishment .....	<b>5</b>
	II. Corporate history .....	<b>5</b>
<b>THREE</b>	<b>CORPORATE GOVERNANCE REPORT</b> .....	<b>8</b>
	I. Organization .....	<b>8</b>
	II. Background information of directors, supervisors, the President, vice presidents, assistant vice presidents, and heads of departments and branches	<b>11</b>
	III. Compensation to directors, supervisors, the President, and Vice Presidents in the latest year.....	<b>22</b>
	IV. Corporate governance.....	<b>28</b>
	V. Disclosure of external auditors' remuneration.....	<b>77</b>
	VI. Change of external auditor .....	<b>78</b>
	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.....	<b>79</b>
	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 .....	<b>80</b>
	IX. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders.....	<b>81</b>
	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.....	<b>83</b>
<b>FOUR</b>	<b>CAPITAL OVERVIEW</b> .....	<b>84</b>
	I. Capital and outstanding shares .....	<b>84</b>
	II. Disclosure relating to corporate bonds .....	<b>89</b>
	III. Disclosure relating to preferred shares .....	<b>89</b>
	IV. Disclosure relating to global depository receipts .....	<b>89</b>

V. Employee warrants .....	90
VI. Employee restricted shares .....	91
VII. New shares issued for merger or acquisition.....	91
VIII. Progress on planned use of capital.....	91
<b>FIVE OPERATIONAL OVERVIEW .....</b>	<b>93</b>
I. Business activities .....	93
II. Market and Sale Status .....	103
III. Latest information on employees within the last 2 years and up to the date of printing and publishing of this annual.....	109
IV. Information on environmental expenses .....	110
V. Labor Relation.....	110
VI. Important contracts: none.....	115
<b>SIX FINANCIAL SUMMARY .....</b>	<b>116</b>
I. Summary balance sheet, statement of comprehensive income, auditors and audit opinions for the last 5 years.....	116
II. Financial analysis for the last 5 years.....	121
III. Audit Committee's report on the review of the latest financial report .....	126
IV. Latest financial statements. ....	127
V. The latest audited standalone financial statements.....	127
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.....	127
<b>SEVEN REVIEW AND ANALYSIS OF FINANCIAL POSITION AND BUSINESS PERFORMANCE, AND RISK MANAGEMENT ISSUES .....</b>	<b>128</b>
I. Financial position .....	128
II. Financial performance .....	129
III. Cash flow.....	129
IV. Material capital expenditures in the last year and impact on business performance.....	130

V. Investment policies in the last year; describe any causes of profit or loss, improvement plans, and investment plans for the next year .....	130
VI. Analysis of risk issues .....	131
VII. Other material issues .....	137
<b>EIGHT SPECIAL REMARKS.....</b>	<b>138</b>
I. Affiliated enterprises .....	138
II. Private placement of securities in the last year and up till the publication date of annual report .....	140
III. Holding or disposal of the Company's shares by subsidiaries in the last year and up till the publication date of annual report.....	140
IV. Other supplementary information .....	140
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 .....	140

## ONE Letter to Shareholders

Ladies and gentlemen:

Thanks to the support and encouragement of shareholders, Onyx has strived to bolster our production capacity and quality in the face of the volatile economic environment in 2021. Looking ahead to 2022, the Company will continue to optimize our products and R&D, strengthen competitiveness, and create new business opportunities in order to vigorously embrace future challenges. The 2021 operating results and 2022 business plan report are:

### I. Business Performance in 2021

#### (I) Project Results in 2021

Changes of the economic environment, intensified market competition, and the strengthening of NTD against USD have all affected the Company's profits in 2021. The Company generated operating revenues of NT\$1,201,760 thousand for 2021, down 10.80% compared to 2020, and reported gross profit of NT\$363,728 thousand and net income of NT\$126,509 thousand for 2021, representing declines of -21.61% and -223.28% over 2020, respectively. Below is a breakdown of revenue weight by products:

Product category	Revenue weight
Critical Care Monitoring	27.77%
Medical Controller	19.92%
Mobile Medical Assistant	13.78%
Mobile Nursing Care	24.82%
Others	10.97%
Service Charge	2.74%
	<b>100.00%</b>

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

1. Budget execution: The Company did not produce a financial forecast for 2021, and hence is not required to disclose its progress.
2. Revenues, expenses, and profitability analysis

Unit: NT\$ thousand

Item		Year	2021	2020
			Consolidated	Consolidated
Financial receipts	Operating revenues		\$1,201,760	\$1,347,304
	Gross profit		363,728	464,007
	Current net income		126,509	164,907
Profitability analysis	Return on assets (%)		8.31	11.93
	Return on shareholders' equity (%)		12.12	15.91
	As a percentage of paid-up capital (%)	Operating profit	24.62	58.40
		Pre-tax profit	46.30	73.65
	Net profit margin (%)		10.53	12.24
	Basic earnings per share (NT\$)		4.22	6.07
	Diluted earnings per share (NT\$)		4.20	6.04

(III) Research and development

1. Research and development expenses in the last 2 years

Unit: NT\$ thousand; %

Item		Year	2021	2020
R&D expenses			79,351	68,635
Net operating revenues			1,201,760	1,347,304
As a percentage of net operating revenues			6.60	5.09

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. In 2021, the Company's new products include VM500/VM1000/JS500,

which can be applied to medical AI; the new generation of Venus 4 smart nursing care computer can be used on nurse workstations and care systems; the second-generation all in one surgical computer MATE2, ACCEL, the MedDP medical display, and the MedPC medical controller have all entered mass production.

## II. Business plan and strategic development for 2022

### (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.

### (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 2022, 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

1. The two-pronged strategy of product and technology R&D. Technology R&D encompasses AI, medical IoT, telemonitoring, medical assistive devices, distance sensing technology, and data



image packing and transmission technology. 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 and maintain technology leadership in the industry.

2. Deepen and expand the capacity of local DMS technology and services, and deepen product development for local customers.
3. Establish a healthcare innovation unit, utilize AI to provide medical practices with sensing, connection, and adaptation functions and spread their use in medical institutions at home and abroad.
4. Collaborate with major hospitals in Europe, the US, and Asia to provide telecare service and plan telemedicine application products. The introduction of digital diagnosis technology coupled with a proprietary doctor-patient management system and AI technology provides a complete hospital diagnosis management package.
5. Effectively overcome spatial barriers with ICT and IoT for patients to receive healthcare services outside the hospital.

### 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

With the proactive administering of COVID-19 vaccines worldwide, the pandemic is expected to be controlled effectively, and the global economy will also recover gradually. However, faced with the fluctuating exchange rate of the U.S. dollar, the risk is increased, but the Company will stay closely in touch with financial institutions to collect exchange rate fluctuation-related information, so as to forecast the exchange rate trend, and adjust the ratio of the foreign currency account accordingly. This is to minimize the risk associated with forex fluctuations and thereby lower its impact on the Company's operations.

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

Sincerely,

Onyx Healthcare Inc.

Chairman: Chuang, Yung-Shun

President: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

## 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>

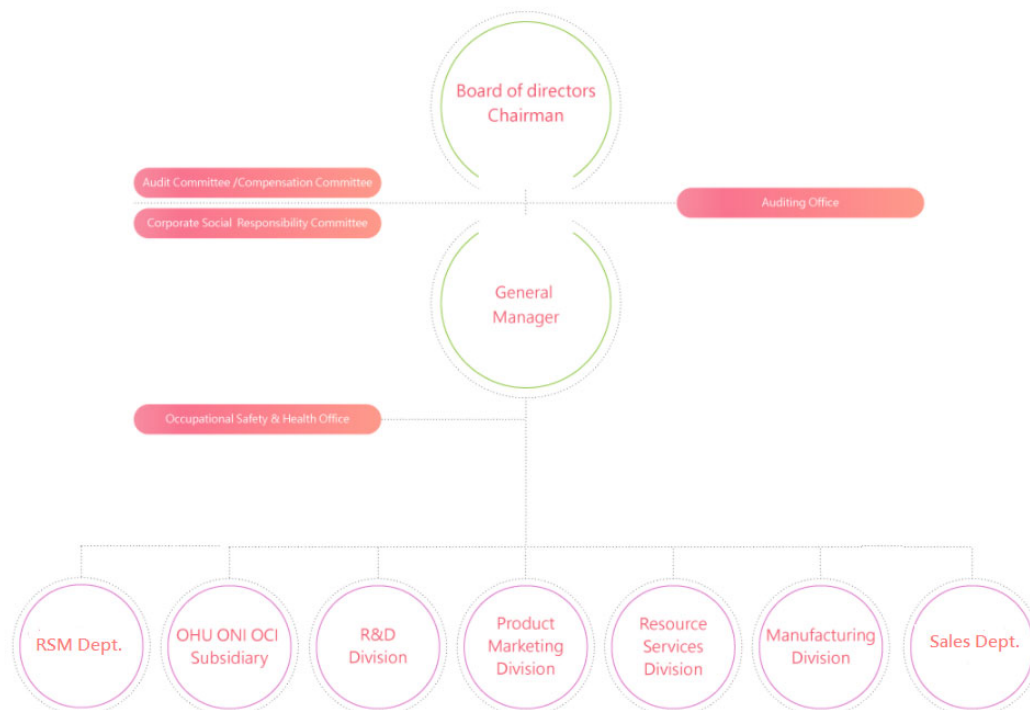
2017	<ul style="list-style-type: none"> <li>● January: Completed a cash issue of NT\$24,090 thousand, which increased total capital to NT\$181,886 thousand.</li> <li>● February: The Company's all-in-one integrated bedside multimedia infotainment unit, fanless medical computer, lightweight medical UPS 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></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> <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>

Department	Main duties
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>
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</li> </ol>

Department	Main duties
	service to customers.
RSM Dept.	1. Maintaining good relationship with clients and promoting satisfaction, and clear accounts receivable from clients' payments.

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.		2019.05.29	3 years	2019.05.29	134,823	0.67%	219,080	0.66%	—	—	—	—	—	—	None	None	None	None
	Republic of China	Representative: Chuang, Yung-Shun	Male 61-70			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.		2019.05.29	3 years	2010.01.25	10,004,678	50.00%	16,257,179	48.88%	—	—	—	—			None	None	None	None
	Republic of China	Representative: Wang, Feng-Hsiang	Male 51-60			2013.06.28	—	—	1,093,292	3.29%	—	—	—	—	MBA, City University of New York ONYX Healthcare Inc. - Vice President AAEON Technology Inc. - Vice President Advantech - Manager	President of the Company Details of other concurrent duties (Note 2)	None	None	None	None
Director	Republic of China	AAEON Technology Inc.		2019.05.29	3 years	2010.01.25	10,004,678	50.00%	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
Director	Republic of China	Lee, Tsu-Der	Male 70-75	2019.05.29	3 years	2016.02.23	—	—	—	—	—	—	—	Bachelor of Dentistry, Taipei Medical University Taipei Medical University - Chairman	Taipei Medical University - Director Details of other concurrent duties (Note 3)	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	Chiang, Po-Wen	Male 61-70	2019.05.29	3 years	2016.02.23	—	—	—	—	—	—	—	—	Bachelor of Electrical Engineering, National Cheng Kung University Acer Incorporated - General Manager of Distribution		None	None	None	None
Independent Director	Republic of China	Tai, Yi-Hui	Female 41-50	2019.05.29	3 years	2016.02.23	—	—	—	—	—	—	—	—	Ph.D. in Accounting, National Taiwan University Accountant of higher examination Ming Chuan University - Professor of Accounting		None	None	None	None
Independent Director	Republic of China	Lee, San-Liang	Male 51-60	2019.05.29	3 years	2016.07.22	—	—	—	—	—	—	—	—	Ph.D., University of California, Santa Barbara Distinguished Professor of Electronic and Computer Engineering, National Taiwan University of Science and Technology	AXCEN Photonics Corporation - Independent Director	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: ONYX HEALTHCARE USA, INC. - Director, ONYX HEALTHCARE EUROPE B.V. - Director & President, Onyx Healthcare (Shanghai) Inc. - Director & President, iHelper Inc. - Director & corporate representative, iHelper Inc. - President, Melten Connected Healthcare Inc. - Director.

Note 3: Microbio (Shanghai) Co., Ltd.- Director & corporate representative, H&Q Biotech Management Consultant Co., Ltd. - Chairman, Environmental Quality Protection Foundation - Director, Machvision Inc. Co., Ltd. - Independent Director, China General Plastics Corp. - Independent Director, Hsin Yao Biotech Investment Co., Ltd. - Director & corporate representative, Diamond Biofund - Director & corporate representative, Diamond Capital Management Co., Ltd. - Director & corporate representative, iHelper Inc. - Director.

## 2. Major shareholders of corporate shareholders

March 31, 2022

Name of corporate shareholder	Major shareholders of corporate shareholders
Jui Hai Investment Co., Ltd.	Fu Li Investment Co., Ltd. (49.58%), Huang, Hui-Mei (23.87%), Chuang, Yung-Shun (11.43%), Chuang, Fu-Chieh (7.56%), Chuang, Fu-Chun (7.56%),
AAEON Technology Inc.	ASUSTeK Computer Inc. (29.47%), iBase Technology Inc. (28.05%) Chuang, Yung-Shun (13.23%), Hua Cheng Venture Capital Corp. (5.62%), Hua-Min Investment Co., Ltd. (5.62%), Jui Hai Investment Co., Ltd. (3.04%), Huang, Yumin (2.85%), Zhuang, Wusong (0.76%) Li, Yingzhen (0.75%), Zhuang, Xiuli (0.65%)

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, 2022

Name of corporate entity	Corporate entity's major shareholders
Fu Li Investment Co., Ltd.	Chuang, Yung-Shun(43.75%), Huang, Hui-Mei (37.49%), Chuang, Fu-Chieh (9.38%), Chuang, Fu-Chun (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)(2.77%), New Labor Pension Fund(2.19%), Taiwan Bank managed Silchester International Investors International Value Equity Trust(1.87%), Yuanta Taiwan High Dividend Fund Account(1.38% ), JP Morgan Chase Bank N.A. Taipei Branch in Custody for Saudi Arabian Monetary Agency(1.32%), Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds(1.30%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for JPMorgan Securities Plc.(1.27%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.20%)
iBase Technology Inc.	AAEON Technology Inc. (31.34%) Chun Bao Investment Co., Ltd. (1.60%) SPDR(R) Index Shares Funds - SPDR(R) S&P Emerging Markets ETF (1.58%) LIN, CHIU-SHI (0.88%) Winmate Inc. (0.84%) CHEN YANG, MEI-LING Special Trust Property Account (0.77%) CHEN, SHIH-HSIUNG (0.76%) LIN, RAY-QIN Special Trust Property Account (0.71%) Fu Li Investment Co., Ltd.(0.65%) LAI,HSUEH-FENG Special Trust Property Account (0.59%)
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.

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
Director Lee, Tsu-Der	Possesses five or more years of work experience required for the Company's business; had once worked the Taipei Medical University – Chairman; the currently serving as Taipei Medical University director; 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 employed by the Company or by 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 a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in 2.</li> <li>4. 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>5. 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>6. 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.</li> <li>7. 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>8. 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>9. .Not a spouse or relative of second degree or closer to any other directors.</li> <li>10. Not elected as a government or corporate representative according to Article 27 of the Company Act.</li> </ol>	2

Name \ Qualification	Professional qualifications and experience	Independent status	Number of positions as independent director in other public companies
Independent Director Chiang, Po-Wen	With over five years of experience in the business required by the Company; former president to the Distribution Business Unit, Acer Incorporated; and no non-compliance with any conditions stated in Article 30 of the Company Act.		None
Independent Director Tai, Yi-Hui	Holder of a CAP license; 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 Taiwan 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.	<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> <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> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	None
Independent Director Lee, San-Liang	Over five years of experience as a professor of disciplines related to the business required by the Company at a public or private college or university; and over five years of work experience in commerce or otherwise required by the business of the Company; PhD in Electronics, University of California, Santa Barbara, CA, USA; current professor of the Department of Electronic Engineering, National Taiwan University of Science and Technology; and no non-compliance with any conditions stated in Article 30 of the Company Act.	<ol style="list-style-type: none"> <li>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.</li> <li>10. Not a spouse or relative of second degree or closer to any other directors.</li> <li>11. Not elected as a government or corporate representative according to Article 27 of the Company Act.</li> </ol>	1

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 seven 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						
				41-50	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
Director Chuang, Yung-Shun	R.O.C.	Male	✓		✓					✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Director Wang, Feng-Hsiang		Male	✓		✓					✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Director Lin, Chien-Hung		Male			✓					✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Director Lee, Tsu-Der		Male				✓				✓	✓				✓	✓	✓	✓	✓	✓	✓
Independent Director Chiang, Po-Wen		Male			✓			✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Tai, Yi-Hui		Female		✓					✓			✓	✓		✓	✓	✓				
Independent Director Lee, San-Liang		Male			✓				✓	✓	✓					✓	✓	✓		✓	✓

(3) Independence of the Board of Directors:

The Board of Directors of the Company consists of seven directors, of which three are independent directors and two directors as employee (43% and 29% of all directors), whereas female directors represent 14% of board members. As of 2021 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 14-17 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

April 02, 2022; 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	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)	None	None	None	None
President	Republic of China	Wang, Feng-Hsiang	Male	2018.01.01	1,093,292	3.29%	—	—	—	—	MBA, City University of New York ONYX Healthcare Inc. - President AAEON Technology Inc. - Vice President Advantech Co., Ltd. - Manager	iHelper Inc. - President Details of other concurrent duties (Note 2)	None	None	None	None
Assistant Vice President	Republic of China	Lin, Huang-Pao	Male	2019.10.01	10,000	0.03%	—	—	—	—	Department of Industrial Engineering and Management, National Taipei University of Technology Argox Information - Plant Manager KWORLD - Head of Manufacturing Division	None	None	None	None	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	12,107	0.01%	—	—	—	—	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

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	
Head of Accounting	Republic of China	Yang, Hsiang-Chih	Female	2015.04.27	12,107	0.04%	—	—	—	—	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: ONYX HEALTHCARE USA, INC. - Director, ONYX HEALTHCARE EUROPE B.V. - Director & President, Onyx Healthcare (Shanghai) Inc. - Director & President, iHelper Inc. - Director & corporate representative, Melten Connected Healthcare Inc. - Director

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)

March 31, 2022 Unit: 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) (Note 2)						
		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
																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	36	36	1.91%	1.91%	5,457	5,457	108	108	1,450	—	1,450	—	7.41%	7.41%	13.738
	Wang, Feng-Hsiang																					
	Lin, Chien-Hung																					
Director	Lee, Tsu-Der																					
Independent Director	Chiang, Po-Wen																					
	Tai, Yi-Hui	1,440	1,440	—	—	—	—	198	198	1.28%	1.28%	—	—	—	—	—	—	—	—	1.28%	1.28%	—
	Lee, San-Liang																					

- 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.
- 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 2021 amounted to NT\$127,551 thousand.

Note 2: 2021 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	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	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Lin, Chien-Hung, Lee, Tsu-Der, Chiang, Po-Wen, Tai, Yi-Hui, Lee, San-Liang	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Lee, Tsu-Der, Chiang, Po-Wen, Tai, Yi-Hui, Lee, San-Liang
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	—
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)	—	—	—	Chuang, Yung-Shun, Lin, Chien-Hung,
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	9	9	9	9

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

March 31, 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	4,037	4,037	108	108	1,420	1,420	1,450	—	1,450	—	5.50%	5.50%	6,300
President	Wang, Feng-Hsiang													

Note 1: Net income attributable to parent company shareholders in 2021 amounted to NT\$127,551 thousands.

Note 2: 2021 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

## 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,	—
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)	—	Chuang, Yung-Shun,
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

March 31, 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	—	2,750	2,750	2.16%
	President	Wang, Feng-Hsiang				
	Assistant Vice President	Lin, Huang-Pao				
	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 2021 amounted to NT\$127,551 thousands.

Note 2: 2021 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

(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	2020		2021	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total director compensation	4,068	4,068	4,074	4,074
Total director compensation as a percentage of net income	2.43%	2.43%	3.19%	3.19%
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	7,081	7,081	7,015	7,015
Total compensation to the President and vice presidents as a percentage of net income	4.24%	4.24%	5.50%	5.50%

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 2020 amounted to NT\$167,075 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 6 board meetings (A) were held in the last year (2021); below are directors' attendance records:

Position	Name	Attendance in person (B)	Proxy attendance	In-person attendance rate (%) (B/A)	Remarks
Chairman	Chuang, Yung-Shun	6	0	100%	
Director	Wang, Feng-Hsiang	6	0	100%	
Director	Lin, Chien-Hung	6	0	100%	
Director	Lee, Tsu-Der	6	0	100%	
Independent Director	Chiang, Po-Wen	6	0	100%	
Independent Director	Tai, Yi-Hui	6	0	100%	
Independent Director	Lee, San-Liang	6	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
11th meeting of the 4th board 2021/2/25	Allocation of 2020 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.
	Issuance of new shares from capital increase by 2020 earnings	None	None	
	Motion for purchase of real property for self-use	None	None	
	2021 incentive bonus for non-sales employees	None	None	
	2021 manager salary adjustment proposal	None	None	
12th meeting of the 4th board 2021/5/6	Motion for application for bank financing lines using the newly purchased real property	None	None	Passed as proposed by all attending directors.

14th meeting of the 4th board 2021/8/5	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.
	Donation to AAEON Foundation	None	None	
	Allocation of 2021 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.
	Allocation of 2021 employee remuneration for managers	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.
16th meeting of the 4th board 2021/12/17	Distribution of 2021 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.
	Motion for issuing new shares for capital increase by cash.	None	None	

(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
11th meeting of the 4th board 2021/2/25	2021 incentive bonus for non-sales employees	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
	2021 manager salary adjustment proposal	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
14th meeting of the 4th board 2021/8/5	Donation to AAEON Foundation	Chuang, Yung-Shun and Lee, Tsu-Der	Chuang, Yung-Shun and Lee, Tsu-Der held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun and Lee, Tsu-Der had recused according to law and did not participate in the vote

	Allocation of 2020 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 2020 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
16th meeting of the 4th board 2021/12/17	Distribution of 2021 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, 2021 to December 31, 2021 was assessed	The scope covers the evaluation of the Board, individual members of the Board and functional committees.	Self-evaluation of Board members and interviews with external evaluation institutions	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 Dec. 2021, 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 5 (A) Audit Committee meetings were held in the last year (2021); 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	5	0	100%	
Independent Director	Tai, Yi-Hui	5	0	100%	
Independent Director	Lee, San-Liang	5	0	100%	

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	Resolution of the Audit Committee	Independent director's	Board's response to Audit

		Securities and Exchange Act		opinions or objections	Committees' opinions
8th meeting of the 4th committee 2021/2/23	1.2020 year-end accounts.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	2.Issuance of new shares from against capitalized 2020 earnings.	✓			
	3.Passed 2020 Declaration of Internal Control System.	✓			
	4.Independence and performance assessment for the financial statement auditor.	✓			
	5. Motion for purchase of real property for self-use.	✓			
10th meeting of the 4th committee 2021/8/5	1. Passed 2021 2nd quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	2.Amendments to "Internal Control System and Internal Audit System" of the Company and subsidiary-ONI.	✓			
	3.Donation to AAEON Foundation.	✓			
12th meeting of the 4th committee 2021/12/17	1.2022 audit plan of the Company and subsidiaries.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	2. Motion for issuing new shares for capital increase by cash.	✓			

(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 FY2021, the meeting was held on December 24, 2021.
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? (V)	✓		(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 14-29, 2021, 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 110 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,</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 18 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	
and conducted performance evaluation on a yearly 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. In 2021, the internal evaluation was replaced by an external evaluation.</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>2. External assessment: 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 the Audit Committee and the board of directors on February 24, 2022. 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).</p>	
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	✓		The Company has assembled a corporate governance task force spearheaded by the Chairman, and assigned the Resource & Service Division the concurrent duty to assist directors in corporate governance-related matters such as	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/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>compliance, preparation of required materials, and convention of board/shareholder meetings.</p> <p>The following tasks were performed throughout 2021:</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 information, and thereby ensure information symmetry for investors.</li> </ol> </li> <li>4. Assisted directors and independent directors by providing them with the information needed to perform duties and made training arrangements: <ol style="list-style-type: none"> <li>(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.</li> </ol> </li> </ol>	

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) Training courses were arranged for directors based on their education/career background and nature of the Company's industry.	
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
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (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)?	✓		(I) A dedicated section has been created on the Company's website to disclose financial, business and corporate governance information to investors. (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. (III) The Company publishes and files annual financial report within two months after the end of an	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	
(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?			accounting period, and publishes/files Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates.	
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, and insuring against liabilities of company directors and supervisors)?	✓		<ol style="list-style-type: none"> <li>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.</li> <li>2. The Company maintains productive, long-term relationship with all of its suppliers.</li> <li>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.</li> <li>4. Directors' education: Directors' education in 2021 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.</li> <li>5. The Company has assembled a risk response panel under the Audit Committee that is responsible for execution of risk management tasks.</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	
			6. The Company has purchased insurance policy to protect itself against directors' liability. The sum assured in 2021 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 2022, and will report progress in the upcoming board of directors meeting.	

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 9th Corporate Governance Evaluation		
Question No.	Indicator	Improvement method
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?	The issue will be prioritized for improvements.
3.12	Has the company's annual report disclosed a specific and clear dividend policy?	The Company's annual report has disclosed a specific and clear dividend policy.
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	2021/3/15	Taiwan Listed Company Association	50 Years of Taiwan Outlook and Review: People Cultivation and Disaster Prevention	2
		2021/4/26	National Innovation and Entrepreneurship Association	Corporate Digital Transformation Strategy and New Thinking of Corporate Risk Management in the Digital Era	3
		2021/5/4	Taiwan Corporate Governance Association	Innovation, Digital Technology, and Competitive Strengths	3
		2021/5/5	Taiwan Corporate Governance Association	Legal Issues of Instant Messengers	3
		2021/8/31	Taipei Exchange	2021 Gretai Sustainable Upgrade On-Line Forum	3
		2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Director & President	Wang, Feng-Hsiang	2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Director	Lin, Chien-Hung	2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Director	Lee, Tsu-Te	2021/9/1	Securities and Futures Institute	Value of Information Security in Post- Pandemic Era and US-China Trade War	3
		2021/10/7	Securities and Futures Institute	Case Study of Insider Trading	3
Independent Director	Chiang, Po-Wen	2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		2021/9/24	Taiwan Corporate Governance Association	Roles of Independent Directors in Business Operations and Corporate Governance	3
Independent Director	Tai, Yi-Hui	2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6



Independent Director	Lee, San-Liang	2021/11/19	Taiwan Corporate Governance Association	New Challenges for Board of Directors Through Corporate Governance 3.0	3
		2021/11/30	Taiwan Corporate Governance Association	Analysis of Key Information in Annual Reports and Responsibilities: The Perspective of Directors and Supervisors	3

(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	Chiang, Po-Wen	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	Tai, Yi-Hui		<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	Lee, San-Liang		<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	3	0	100%	
Member	Tai, Yi-Hui	3	0	100%	
Member	Lee, San-Liang	3	0	100%	

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
6rd meeting of the 3rd committee 2021/2/23	1. Allocation of 2020 employee and director remuneration.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	2. 2021 incentive bonus for non-sales employees.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members

	3. 2021 manager salary adjustment proposal.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
7th meeting of the 3rd committee 2021/8/5	1. Proposed allocation of 2020 director remuneration.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	2. Proposed allocation of 2020 employee remuneration for managers.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
8th meeting of the 3rd committee 2021/12/17	1. Distribution of 2021 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 2021, and current year's progress was reported to the board of directors on Nov 4, 2021. During the year, the Company donated a sum of NT\$1 million to AAEON Foundation to sponsor charity activities: Discovery Tech Wonderland.	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?			1. Environmental protection policy The Company is dedicated to the research, development, production and sale of automated medical computing solutions. Driven by the mission to improve people's lives, the Company envisions itself as a global citizen and strives to maximize contribution to the environment. In addition to complying with policies and relevant environmental protection laws, the Company also promotes environmental awareness and actions from within as part of its focus toward ongoing improvements and pollution prevention. The Company has made an environmental statement to ensure "community-wide satisfaction," and commits to reuse,	

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>recycle and reduce (the 3 R's) where possible in design, production and service activities in order to minimize and prevent pollution. An environmental sustainability panel has been assembled to carry out environment reviews and risk assessments according to the "Environmental Management Policy, Goals, Methods and Procedures."</p> <p>2. Product liabilities The Company takes the initiative to communicate with suppliers in writing about its quality policy, environment policy and environmental protection philosophy, including the use of "Environmental Protection Statement." The statement not only conveys the Company's emphasis on quality and the environment, but also serves as an invitation to join us on cutting down wastage and protecting the environment in compliance with government regulations. Vendors that pass certification for ISO 9000 and ISO 14000 are treated as preferred suppliers.</p>	
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 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	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	
			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>(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate</p>			<p>(I) The Company engages government-certified waste handlers to dispose of and process waste, and 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> <p>(III) The Company evaluates environmental impact during product design and production. Air conditioning equipment is regularly</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>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>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>2020</td> <td>0</td> <td>116,497</td> <td>47,375</td> <td>163,872</td> <td>6.05</td> </tr> <tr> <td>2021</td> <td>0</td> <td>143,525</td> <td>47,134</td> <td>190,659</td> <td>7.64</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	2020	0	116,497	47,375	163,872	6.05	2021	0	143,525	47,134	190,659	7.64	
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Assess criteria	Actual governance			Summary	Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies																						
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<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 compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees'?</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 2021, with 133 employees, accounting for 91% of all 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 working rules and rewards and bonuses regulations to maintain consistency and align employee rewards with corporate development. In addition, we offer profit-sharing bonuses,</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>compensations?</p> <p>(III) Does the Company provide employees with a safe</p>			<p>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 2021 the average ratio of female employees and female officers was 33% and 26% respectively.</p> <p>(III) Company has implemented employee work rules,</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>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>(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</p>			<p>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 2021 a total of 1,782 employees participated in education and training for a total of 3,309 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> <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</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	
and services, and are relevant consumer protect?  (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?			interests.  (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.	
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?	✓		In 2020, we prepared the 2020 CSR report in accordance with the GRI Standards and disclosed the report on the corporate website. This year, we have prepared the 2021 ESG Report in accordance with the GRI Standards and SASB Standards and disclosed the report on the corporate website.	No material deviation is found
VI. In case of the company has stipulated its sustainable development codes according to the Market Listed Corporate Code of Practice on Sustainable				

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>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 2021, 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 (Xikou, Nanxin, Liukou, Sanhe, Minxiong) 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, creative science games, VR and AR operation, solar house DIY, HOC programming, animation. During September 2021-February 2022, a total of 522 exhibitions were held under the project with 12,574 visitors.  In addition, the 3-day and 2-night Taipei technology exploration trip was organized for schoolchildren to experience different types of technology resources through visits to different locations. We also granted employees a one-day volunteering leave to encourage employees to volunteer at the</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>event in order to contribute to education in remote townships.</p> <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 5,940kg of general waste and 7,819kg of resource waste in 2021. 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). 93% 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</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>(EPA), and makes "License Inquiries" for suitable service providers on EPA's waste control website. The Company's existing waste service 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\$16,970 of income from recycling 7,587kg of industrial waste (cartons) in 2021.</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 2021, within the industrial park donated 881 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 2021, 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 0.85 hectares of national forest land for forestation in Shuangxi 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 April 30, 2021 (Fri), 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 2021, 104 participants cleaned up 402.3kg 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</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	
<p>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>(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?</p>			<p>(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>	
<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</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</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	
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>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 Dec 17, 2021.</p> <p>2021 progress:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The Company promotes integrity awareness and organizes training for all employees.</li> <li>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.</li> <li>4. The Company performs internal control self-assessments on a yearly basis to evaluate how well</li> </ol>	

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>(V) Does the Company organize internal or external training on a regular basis to</p>			<p>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> <p>(V) The Company organizes internal training on business integrity on a regular basis, and promotes</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																
maintain business integrity?			<p>integrity awareness at management meetings and internal meetings.</p> <p>The following is a list of internal and external integrity courses organized by the Company in 2021:</p> <table border="1"> <thead> <tr> <th>2021</th> <th>Enrollments</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Business Integrity Code of Conduct</td> <td>133</td> <td>133</td> </tr> <tr> <td>Accounting policy</td> <td>2</td> <td>28</td> </tr> <tr> <td>Internal control system</td> <td>112</td> <td>133</td> </tr> <tr> <td>Total</td> <td>247</td> <td>294</td> </tr> </tbody> </table>	2021	Enrollments	Hours	Business Integrity Code of Conduct	133	133	Accounting policy	2	28	Internal control system	112	133	Total	247	294	
2021	Enrollments	Hours																	
Business Integrity Code of Conduct	133	133																	
Accounting policy	2	28																	
Internal control system	112	133																	
Total	247	294																	
<p>III. Whistleblowing system</p> <p>(I) Does the Company provide incentives and means for employees to report misconducts? Has the Company assigned dedicated personnel to investigate the reported</p>	✓		<p>(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</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>misconducts?</p> <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>the Chairman has assigned. Complaint channels have also been disclosed on the "Stakeholder Identification and Communication" webpage. There was no report of major misconduct internally or externally in 2021.</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>	

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Enhanced information disclosure Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		The Company has a website to disclose corporate information, and makes relevant announcements over MOPS.	No material deviation is found
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: February 24, 2022

The following declaration has been made based on the 2021 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, 2021. 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 7 directors present at the board meeting dated February 24, 2022.

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
2020/5/22	Annual general meeting	1. Passed 2020 business report and financial statements.	Passed as proposed through vote by ballot.
		2. Passed 2020 earnings appropriation.	With authorization sought in a shareholder meeting, the Chairman had set the dividend baseline date at August 30, 2021, and dividends were entirely paid on September 29, 2021. (To distribute cash dividends at NT\$4.5 per share)
		3. Passed issuance of new shares against capitalized 2020 earnings.	With authorization sought in a shareholder meeting, the board of directors passed a resolution on August.5, 2021 to set the dividend baseline date at August 30, 2021. Dividends were entirely paid on September 29, 2021. (To distribute stock dividends at NT\$1.0 per share)
		4. 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 August 30, 2021, and dividends were entirely paid on September 29, 2021. (To

			distribute cash dividends at NT\$1.0 per share).
		5. Passed partial amendments to " Rules for Election of Directors"	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 July 02, 2021.
		6. 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 and MOPS on July 02, 2021.

## 2. Major board resolutions

Date of meeting	Nature of meeting	Major resolutions
2021/2/25	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed allocation of 2020 employee and director remuneration.</li> <li>2. Passed 2020 business report and financial statements.</li> <li>3. Passed 2020 earnings appropriation.</li> <li>4. Passed issuance of new shares against capitalized 2020 earnings.</li> <li>5. Passed proposal to Cash Distribution from the Capital Surplus</li> <li>6. Passed 2020 Declaration of Internal Control System.</li> <li>7. Partial amendments to " Articles of Incorporation."</li> <li>8. Passed details concerning the 2021 annual general meeting</li> <li>8. Amendments to "Responsibility Matrix."</li> <li>9. Passed the motion for purchase of real property for self-use.</li> <li>10. Passed 2021 performance bonus for non-sales employees</li> <li>11. Passed 2021 manager salary adjustment proposal.</li> <li>12. Passed allocation of 2019 employee warrant.</li> </ol>

Date of meeting	Nature of meeting	Major resolutions
2021/5/6	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed 2021 1st quarter consolidated financial statements.</li> <li>2. Passed the motion for application for bank financing lines using the newly purchased real property.</li> <li>3. Passed the proposal to accept derivative trading limit from the bank.</li> <li>4. Passed the proposal to accept derivative trading limit from Taishin Bank.</li> <li>5. Passed authorization for derivative trading.</li> </ol>
2021/6/7	Board of Directors	<ol style="list-style-type: none"> <li>1. Adopted to discontinue the private placement approved by 2021 shareholders' meeting.</li> </ol>
2021/8/5	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed 2021 2nd quarter consolidated financial statements.</li> <li>2. Passed the proposal to apply for treasury trading limit with CTBC Bank.</li> <li>3. Set the baseline date for cash/stock dividend distribution.</li> <li>4. Passed amendments to "Internal Control System" and Internal Audit System" of the Company and subsidiary - ONI.</li> <li>5. Passed donation to AAEON Foundation.</li> <li>6. Passed allocation of 2019 director remuneration.</li> <li>7. Passed allocation of 2019 employee remuneration for managers.</li> </ol>
2021/11/4	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed 2021 3rd quarter consolidated financial statements.</li> <li>2. Passed the proposal to accept credit facilities from CTBC Bank.</li> </ol>
2021/12/17	Board of Directors	<ol style="list-style-type: none"> <li>1. Passed 2022 audit plan of the Company and subsidiaries.</li> <li>2. Passed distribution of 2021 managers' year-end bonus.</li> <li>3. Passed the Company's 2022 operational plan (and budget).</li> <li>4. Passed motion for issuing new shares for capital increase by cash.</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

Name of accounting firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Lin, Chun-Yao	Weng, Shih-Jung	2021/1/1~2021/12/31	

Unit: NTD thousands

Amount range		Fee category	Audit fee	Non-audit fee	Total
1	Below NT\$ 2,000,000		—	316	316
2	NT\$2,000,000 (inclusive) ~ NT\$4,000,000		2,710	—	2,710
3	NT\$4,000,000 (inclusive) ~ NT\$6,000,000		—	—	—
4	NT\$6,000,000 (inclusive) ~ NT\$8,000,000		—	—	—
5	NT\$8,000,000 (inclusive) ~ NT\$10,000,000		—	—	—
6	NT\$10,000,000 and above		—	—	—

(I) Disclosure of audit fee, non-audit fee and details of non-audit services, if the sum of non-audit remuneration paid to the auditor, accounting firm and affiliated companies amount to more than one-quarter of total audit remuneration: None.

Audit fee information:

Name of accounting firm	Name of CPA	Audit fee	Non-audit fee					Period of audit service	Remarks
			Policy design	Business registration	Human resource	Others	Subtotal		
PwC Taiwan	Lin, Chun-Yao	2,710	—	—	—	316	316	2021/1/1 ~ 2021/12/31	The other fees are from tax

	Weng, Shih-Jung								audits and opinions and reviews of CPAs on the transfer of earnings
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- (II) 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.
- (III) If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more: None.

VI. Change of external auditor:

(I) Information relating to the former auditor:

Date of reappointment	Since 2020/1/1		
Reasons and details of the reappointment	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 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	—	—
Reasons for issuing opinions other than unqualified opinion in the last 2 years	Service no longer accepted (continued) by	—	—
	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,	None		

Subparagraph 6, Article 10 of the Guidelines)	
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(II) Information relating to the succeeding auditor

Name of accounting firm	PwC Taiwan
Name of CPA	Lin, Chun-Yao, Weng, Shih-Jung
Date of reappointment	Since 2020
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
Written disagreements from the succeeding auditor against opinions made by the former CPA	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	2021		Current year up till report publication date (April 2, 2022)	
		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.	1,375,643	—	1,125,105	—
Director	Jui Hai Investment Co., Ltd.	18,538	—	15,161	—
Director - corporate representative Chairman	Chuang, Yung-Shun	214,716	—	383,190	—
Director - corporate representative President	Wang, Feng-Hsiang	95,935	—	38,000	—
Director - corporate representative	Lin, Chien-Hung	1,164	—	952	—
Director	Lee, Tsu-Der	—	—	—	—
Independent Director	Chiang, Po-Wen	—	—	—	—
Independent Director	Tai, Yi-Hui	—	—	—	—
Independent Director	Lee, San-Liang	—	—	—	—
Assistant Vice President of Marketing Division	Chen, Ying-Te	8,777	—	25,178	—
Head of Product R&D Division	Chao, Hsing-Kuo	7,937	—	17,287	—
Assistant Vice President	Lin, Huang-Pao	—	—	10,000	—
Head of Accounting	Yang, Hsiang-Chih	737	—	4000	—

(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; April 2, 2022

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. Representative: Chuang, Yung-Shun	2,745,068	8.25%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
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	1,093,292	3.29%	—	—	—	—	—	—	—
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for	661,194	1.99%	—	—	—	—	—	—	—

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	
Investment Account of Magic Group Company									
Li, I-Hsuan	501,050	1.51%	—	—	—	—	—	—	—
Li, Chien-Hsing	454,491	1.37%	—	—	—	—	—	—	—
Li, Mingxian	419,110	1.26%	—	—	—	—	—	—	—
Hua-Min Investment Co., Ltd.	383,490	1.15%	—	—	—	—	ASUSTeK Computer Inc. AAEON Technology Inc. Jonney Shih	Parent and subsidiary Associated company  Representative of the mentioned company	—
Hua-Min Investment Co., Ltd. Representative: Jonney Shih	362,114	1.09%	—	—	—	—	ASUSTeK Computer Inc. AAEON Technology Inc.	Representative of the mentioned company Director of the mentioned company	—
Hsu, Hang-Chien	—	—	—	—	—	—	—	—	—

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, 2022 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%

Note: Limited liability company



## FOUR Capital Overview

### I. Capital and outstanding shares

#### (I) Sources of share capital

##### 1. Outstanding shares

April 14, 2022  
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. Xin-Bei-Fu-Jing-Si-Zi-1118026278 dated April 14, 2022

## 2. Share categories

April 02, 2022; 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

April 02, 2022; unit: parties; shares

Shareholder structure Count	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	—	2	22	2,243	5	2,272
Number of shares held	—	45,000	18,817,105	13,566,169	833,026	33,261,300
Shareholding percentage	—	0.14%	56.57%	40.79%	2.50%	100.00%

### (III) Ownership diversity

#### 1. Common shares

April 02, 2022; unit: parties; shares

Shareholding category	Shareholder count	Number of shares held	Shareholding percentage
1 to 999	693	128,977	0.39%
1,000 to 5,000	1,288	2,346,210	7.05%
5,001 to 10,000	143	1,026,296	3.09%
10,001 to 15,000	47	557,566	1.68%
15,001 to 20,000	30	522,792	1.57%
20,001 to 30,000	24	582,565	1.75%
30,001 to 50,000	7	245,796	0.74%
40,001 to 50,000	5	229,368	0.69%
50,001 to 100,000	11	678,916	2.04%
100,001 to 200,000	10	1,414,827	4.25%
200,001 to 400,000	6	1,702,491	5.12%
400,001 to 600,000	3	1,374,651	4.13%

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	21,789,651	65.51%
Total	2,272	33,261,300	100.00%

2. Preferred shares: none

(IV) List of major shareholders

April 2 2022; 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		1,093,292	3.29%
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company		661,194	1.99%
Li, I-Hsuan		501,050	1.51%
Li, Chien-Hsing		454,491	1.37%
Li, Mingxian		419,110	1.26%
Hsu, Hang-Chien		383,490	1.15%
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: NTD\$

Item	Year		2020	2021	Up till March 1, 2022
	Market price per share (Note 1)	High		182.50	143.00
Low			117.00	103.00	99
Average			158.51	128.34	104.51
Net worth per share	Before dividend		38.27	34.19	—
	After dividend		29.79	Undistributed	—
EPS	Weighted average outstanding shares		27,510 thousand shares	30,261 thousand shares	33,261 thousand shares
	EPS (Note 2)	Before retrospective adjustment	6.07	4.22	—
		After retrospective adjustment	5.52	Undistributed	—
Dividends per share	Cash dividends		5.50	4.00 (Note 2)	—
		From earnings	1.00	—	—

	Stock dividends	From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns (Note 3)	P/E ratio		24.98	29.20	—
	Price to dividends ratio		27.57	30.81	—
	Cash dividend yield		3.63%	3.25%	—

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

Note 2: 2021 earnings appropriation represents amount resolved by the board of directors and is pending for approval at 2022 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 24, 2022, and include cash dividends

of NT\$133,045,200 at NT\$4.00 (cash dividends at NT\$3.00, cash distribution at NT\$1.00 per share).

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\$11,329,000 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 2021 employee and director remuneration was passed during the board of directors meeting held on February 24, 2022. 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\$11,329,000 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 2021 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 July 2, 2021; details of employee and director remuneration are as follows:

	Amount allocated (NTD thousands)
Employee remuneration	15,000
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:

April 2, 2022

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 (%)	3.0110%								
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. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Vesting date</u></th> <th style="text-align: center;"><u>Cumulative vesting</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2<sup>nd</sup> year</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">3<sup>rd</sup> year</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">4<sup>th</sup> year</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<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%
<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	1,000,000								
Subscription price per share of the unsubscribed shares	NT\$119.70								
No. of unsubscribed shares as a percentage of total issued shares (%)	3.0110%								
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	1.14%	-	Not applicable	-	-	380	119.7	-	1.14%
	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	0.95%	-	Not applicable	-	-	316	-	-	0.95%

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: NTD\$

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.

## (II) Implementation status

The funds for the Company's cash capital increase were in place on April 1, 2022, which increased 3,000,000 shares. A total of NT\$264,000,000 raised was used to replenish working capital and repay bank loans, which are expected to be completed in Q2 2022.

## 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
- 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	2020		2021	
	Amount	Revenue weight	Amount	Revenue weight
Medical computing solutions and accessories	1,311,483	97.34%	1,168,820	97.26%
Others (Note)	35,821	2.66%	32,940	2.74%
Total	1,347,304	100%	1,201,760	100%

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 seven 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.

Due to the global outbreak of COVID-19 in 2020, despite the escalation of the demand for medical devices such as respirators, in vitro diagnostic reagents, and related medical consumables, the revenue of other medical industries were affected by the crowding effect of emergency medical resources and spontaneous postponement of operations to reduce the chance of infection from hospitalization. According to the September 2020 statistics of BMI Research, the scale of the global medical device market in 2020 was about US\$427.3 billion, and it will keep growing slowly to US\$491.4 billion in 2023, with a compound annual growth rate (CAGR) of about 4.8% from 2020-2023. The growth momentum comes from the society aging trend faced by the world, the treatment and care demands derived from chronic diseases, and the increase in medical expenses driven by population growth and medical progress in developing countries. In response to the escalation of the aging issue, the Human Development Report (HDR) points out that the global aged population in the total population will increase from 10% in 2000 to 22% in 2050. In the future, an aging society will be a problem in emerging countries. In 2050, the growth speed of the population aged over 60 years will triple that of the average population growth, and this demographic structure change will boost the treatment demands for aging-related diseases and chronic diseases. Take the USA, for example, the potential population aged over 65 years needing care during 2015-2025 will increase from 48 million persons to 65 million persons, and the population aged over 85 years needing critical care will increase from 6.3 million persons to 7.4 million persons. As a shortage of care labor and resources is foreseeable, the demand for the support of medical devices increases constantly.

In addition, the rapid economic growth of developing countries will bring growth opportunities to medical construction. With strong economic and policy support, a two-digit or higher growth is expected in the medical device market.

Moreover, worldwide medical device manufacturers did not stop the medium- and long-term deployment of product ranges during the pandemic and engaged in active R&D and innovation to address the future demand of the aged society and enhance treatment efficiency.

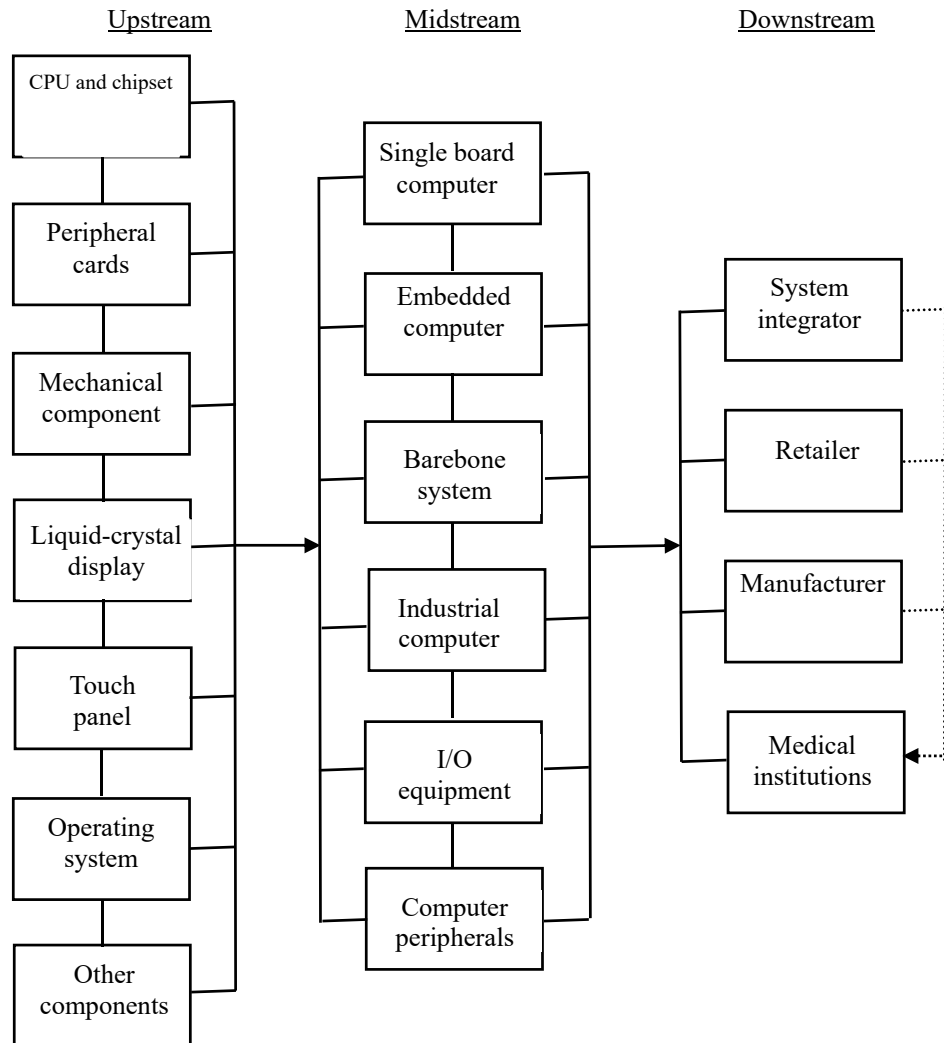
In terms of regional analysis, globally, America is the major market for medical devices, accounting for 46.5% of the global

market in 2020, and the shares of Western Europe, Asia Pacific, Central Europe and Eastern Europe, and the Middle East and Africa were 25.2%, 21.3%, 4%, and 3.1% respectively. America will still be the major market in the future. The USA is the world's largest medical device market. This is because the USA is the global center for the R&D and marketing of medical devices with many world-leading manufacturers of medical devices. In addition, as the aged population in the USA keeps escalating and the development of the local insurance system is mature, the country thus leads the demand and development of the global medical device market. In addition, when COVID-19 broke out in 2020, US President Trump introduced various medical and insurance aids and subsidies, while raising the tariff on products from China and relaxing the import restrictions on medical products for epidemic control at the same time to drive the growth of the US epidemic-related medical device market in 2020. In terms of Europe, while most of the top 10 aged countries are located in six Western European countries, and over 14% of the population in central and eastern Europe is aged over 65 years, Europe has become an aged society. As the aged population is expected to increase constantly, the medical care demand in Europe will continue to grow. In addition, Japan is the major market in the Asia Pacific. Aged population escalation and labor shortages have become the important factors affecting Japan's socioeconomic development. In China, another major market, the medical care demand is also rising due to population aging, driving the development of the local medical device market.

The popularization of mobile telecommunication networks and the rapid development of cloud computing, big data, and IoT will effectively enhance care efficiency and reduce unnecessary expenses, and healthcare will gradually evolve from treatment toward preventive care, turning the smart healthcare industry into the focused industry for future development in different countries.

When the total production value of the global medical device market is expected to grow continuously, own brand establishment, active market expansion, and passing the quality certification of respective countries will be the development strategy.

## 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. Overall economic environment and competition

According to the IMF estimation, the global macroeconomic growth in 2021 was 4.4% due to the spiking pandemic and uncertainties including the escalating inflation, supply chain disruption, and price soaring of raw materials. Looking out to 2022, the structural change in the treatment demand as a result of the rapid outbreak of the pandemic across the globe will significantly affect the medical device industry and drive the rapid development of precision medicine. Facing the environmental and pandemic impacts, addressing changes with innovative business models through industrial and product transformation will be key to the success of businesses.

In addition, global population aging will continue to drive the rapid growth of healthcare demand, and countries in the world are seeking more efficient medical solutions and promoting the development of precision health and digital health technologies and



related policies, hoping to enhance treatment efficiency and extend healthy life expectancy by accelerating the development of advanced medical technologies.

The era of aging means that the national expenses on healthcare will inevitably rise, but its growth may not match the speed of the aging. To lower the financial burden, many governments or insurance companies may continue to cut back on payment of healthcare products. It is expected that pricing of medical devices and equipment products will be impacted, and manufacturers would have to continue to decrease costs to maintain profit margins. As the legislature governing medical devices become increasingly rigorous on the review of medical devices, and the EU on the verge of implementing updated versions of medical device legislation, all of these factors will compound to increase the future operation costs of related manufacturers.

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	2021	Consolidated information up till publication date of annual report (March 31, 2022)
R&D budget	79,351	20,729
Net revenues	1,201,760	419,208
As a percentage of net revenues	79,351	20,729

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

Year	Technology or Product
2016	VENUS-223/243 3rd generation Medical Cart Computer ZEUS-198/228/248 3rd generation Smart Medical Workstation Emergency Care Medical Computer
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

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

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

##### (1) Marketing Strategies

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

(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

Deepen and expand the capacity of local DMS technology and services, and deepen product development for local customers.

Establish a healthcare innovation unit, utilize AI to provide medical practices with sensing, connection, and adaptation functions and spread their use in medical institutions at home and abroad.

Collaborate with major hospitals in Europe, the US, and Asia to provide telecare service and plan telemedicine application products. The introduction of digital diagnosis technology coupled with a proprietary doctor-patient management system and AI technology provides a complete hospital diagnosis management package.

Effectively overcome spatial barriers with ICT and IoT for patients to receive healthcare services outside the hospital.

(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	2020		2021	
	Sales Amount	Proportion	Sales Amount	Proportion
Domestic Sales	18,526	1.38%	16,926	1.41%
Oversea Sales	1,328,778	98.62%	1,184,834	98.59%
Total	1,347,304	100.00%	1,201,760	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.

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. In 2021, the Company's new products include VM500/VM1000/JS500, which can be applied to medical AI; the new generation of Venus 4 smart nursing care computer can be used on nurse workstations and care systems; the second-generation all in one surgical computer MATE2, ACCEL, the MedDP medical display, and the MedPC medical controller have all entered mass production.

In 2022, 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.

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

The global aging issue continues to escalate, and population aging

accelerates. According to the UN estimates, the global population aged over 60 years will exceed 20% in 2050, its growth speed will triple that of the average population growth, and over 2/3 of the countries in the world will have a population aged over 60 years exceeding 20%. Additionally, the increase of the obese population and the acceleration of the decline in physical functions due to prolonged sitting with less exercise and overuse of smartphones that invade our daily life, it is expected that the demand for aging-related medical devices and the business opportunities related to aging and long-term care will continue to rise.

Following the constant increase in the aged population across the globe, the medical expenses of advanced countries will increase significantly. 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

We have engaged in collaboration with domestic software developers to provide hospitals with smart total solutions to increase data transmission speed and improve record accuracy. Besides making effective deployment of human resources, they can enhance the efficiency and improve the quality of diagnosis. The collaboration includes the Venus medical cart computer and smart physiological monitoring and measuring information

integration solutions, medical-grade patient flow management system, and bedside healthcare infotainment all-in-one computers. The Venus medical cart computer combines our Orion system to achieve remote e-medical record management. Our physiological information gateways support signals from the physiological monitoring and measuring equipment of different brands using different protocols. With the Intel-based IPC platform, these smart gateways automatically upload data to the cloud via Wi-Fi and build the NIS (nursing information system/medical information system) database to reduce the data copying workload of medical and nursing personnel and ensure 100% data accuracy. In the future, the development of big data analysis can be achieved to enhance the efficiency of medical practice.

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.

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

### (1) Advantages

#### A. Extension of Post-COVID-19 Service Model

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. Change in population structure drives the growth of market demands

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 orientation

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.

#### D. Cloud-base medical information

The miniaturization of semiconductors and maturation of IOT technology will accelerate the development of wearable devices and slim down the size of medical sensing equipment, making them easy to use and consumes little power. These wearable devices allow constant monitoring and recording of patient's vital signs and are a significant opportunity for development of smart healthcare.

(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

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.

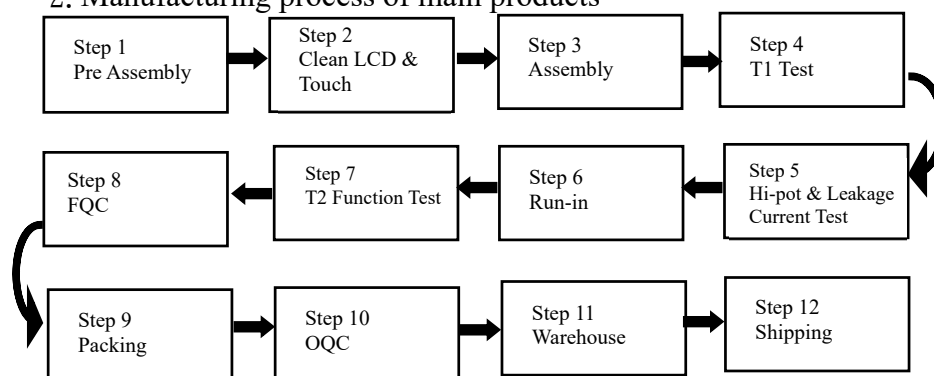
(II) Key applications of main products and manufacturing process

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>

Product title	Key application
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 manufacturing services	<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>

## 2. Manufacturing process of main products



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

Name of primary raw materials	Supply status
Peripheral cards	Crowded out by the automotive chips, foundries have extensively extended the delivery and raised the price.
Liquid-crystal display	In 2021, work from home boosted the laptop demand to drag the delivery time and raise the price of displays. In Q4 2021, supply stability regained and prices returned to normal.
Metallic chassis	Good
Touch screen panel	Although production stabilized, special attention should be made to transportation and processing to ensure the delivery time.



Name of primary raw materials	Supply status
Memory cards and modules	Crowded out by the automotive chips, foundries have extensively extended the delivery and raised the price.
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	2020				2021			
	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.	264,915	33.85	Parent company	AAEON Technology Inc.	192,566	23.67	Parent company
	Others	517,774	66.15	—	Others	620,811	76.33	—
	Net purchase	782,689	100	—	Net purchase	813,377	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 2020 and 2021, 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	2020				2021			
	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	148,658	11.03	—	Company A	80,477	6.70	—
	Others	1,198,646	88.97	—	Others	1,121,283	93.30	—
	Net sales	1,347,304	100.00	—	Net sales	1,201,760	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:

The products purchased by Company A from the Company were medical products. Since COVID-19 led to an increase in demand, Company A became the Company's largest customer in 2020. As the outbreak subsided in 2021, the sales volume of this customer declined.

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

Unit: volume: pieces; value: NTD thousands

Year Production volume/value Main products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Medical computing solutions and accessories	30,000	27,061	511,672	30,000	24,954	523,273
Others (Note)	—	—	—	—	—	—
Total (Note)	—	—	511,672	—	—	523,273

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	2020				2021			
	Domestic Sales		Oversea Sales		Domestic Sales		Oversea Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Medical computing solutions and accessories	5,621	18,433	272,444	1,293,050	48,797	16,842	191,138	1,151,978
Others (Note)	—	93	—	35,728	—	84	—	32,856
Total (Note)	—	18,526	—	1,328,778	—	16,926	—	1,184,834

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	2020	2021	Up to the date of printing and publishing of this annual, March 31, 2022
Managers	12	12	12

Number of employees	General employees	109	111	102
	Direct labor	21	23	23
	Total	142	146	137
Average age (years)		41.88	42.66	43.76
Average service years (year)		4.74	5.20	5.54
Distribution of education experience	Doctorate	0	0	0
	Master	37	37	35
	University or College-level	83	89	82
	High-school	21	20	20
	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) Description on the application, payment or establishment of pollution facility license, pollution emission permit, fees for pollution prevention and treatment or establishment of environmental personnel as governed by legislation.

Our company is specialized in the assembly of medical computers and the process does not emit special pollution, therefore there is no need to apply for a pollution facility license or pollution facility emission permit, as well as no needs for payment of pollution prevention and treatment fees or establishment of environmental personnel.

- (II) Describe your company's investment and application of the main equipment for preventing environmental pollution, and list possible benefits: not applicable.
- (III) Please describe any improvements made by the company on environmental pollution or any pollution-related disputes within the past 2 years and up to the date of printing and publishing of this annual, and describe the resolve process : none.
- (IV) 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 2 years 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) Please describe the current pollution status and its effects on improving company surplus, competitiveness and capital expenditure, and planned major environmental capital expenditures within the next 2 years: not applicable.

#### 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 mental 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	2021/4/22~2022/4/21	Capital turnover	None
	Taishin International Bank	2021/4/19~2022/4/21	Capital turnover	None
	CTBC	2021/11/1~111/10/31	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. Summary balance sheet - IFRS-compliant (consolidated)

Unit: NTD thousands

Year		Financial information in the past five years				
		2017	2018	2019	2020	2021
Item						
Current Assets		1,051,127	1,150,423	776,699	763,280	698,415
Property, plant and equipment		21,021	27,157	23,781	20,440	24,321
Intangible Assets		1,378	966	553	5,134	4,589
Other Assets		54,430	26,656	577,853	604,351	974,608
Total Assets		1,127,956	1,205,202	1,378,886	1,393,205	1,701,933
Current Liabilities	Before allocation	218,027	247,405	288,720	279,181	431,310
	After allocation	348,075	377,453	420,769	430,487	(Note 1)
Total non-current		39,629	33,876	70,155	61,175	235,857
Total Liabilities	Before allocation	257,656	281,281	358,875	340,356	667,167
	After allocation	387,704	411,329	490,924	491,662	(Note 1)
Equity attributable to owners of the parent		870,300	907,992	1,007,930	1,042,936	1,025,895
Share capital		200,075	200,075	220,082	275,102	302,612
Capital surplus		473,856	473,856	473,856	478,566	462,673
Retained earnings	Before allocation	200,075	264,933	354,255	334,261	310,506
	After allocation	70,027	134,885	222,206	182,955	(Note 1)
Other Equity		(3,706)	(30,872)	(40,263)	(44,993)	(49,896)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	15,929	12,081	9,913	8,871
Total Equity	Before allocation	870,300	923,921	1,020,011	1,052,849	1,034,766
	After allocation	740,252	793,873	887,962	901,543	(Note 1)

Source: Based on audited financial statements

Note 1: 2021 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

## 2. Summary balance sheet - IFRS-compliant (standalone)

Unit: NTD thousands

Year		Financial information in the past five years				
		2017	2018	2019	2020	2021
Item						
Current Assets		908,962	1,009,156	616,517	588,578	528,952
Property, plant and equipment		18,566	21,076	19,602	17,572	22,105
Intangible Assets		1378	966	553	5,134	4589
Other Assets		132,310	123,402	678,113	718,084	1,082,668
Total Assets		1,061,216	1,154,600	1,314,785	1,329,368	1,638,314
Current Liabilities	Before allocation	151,388	212,778	240,952	229,444	377,834
	After allocation	281,436	342,826	373,001	380,750	(Note 1)
Total non-current liabilities		39,528	33,830	65,903	56,988	234,585
Total Liabilities	Before allocation	190,916	246,608	306,855	286,432	612,419
	After allocation	320,964	376,656	438,904	437,738	(Note 1)
Equity attributable to owners of the parent		870,300	907,992	1,007,930	1,042,936	1,025,895
Share capital		200,075	200,075	220,082	275,102	302,612
Capital surplus		473,856	473,856	473,856	478,566	462,673
Retained earnings	Before allocation	200,075	264,933	354,255	334,261	310,506
	After allocation	70,027	134,885	222,206	182,955	(Note 1)
Other Equity		-3,706	(30,872)	(40,263)	(44,993)	(49,896)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total Equity	Before allocation	870,300	907,992	1,007,930	1,042,936	1,025,895
	After allocation	740,252	777,944	875,881	891,630	(Note 1)

Source: Based on audited financial statements

Note 1: 2021 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

3. Summary statement of comprehensive income - IFRS-compliant  
(consolidated)

Unit: NTD thousands

Year Item	Financial information in the past five years				
	2017	2018	2019	2020	2021
Operating revenue	1,296,343	1,424,672	1,482,944	1,347,304	1,201,760
Gross Profit	434,901	464,582	542,644	464,007	363,728
Operating Income	160,271	181,657	236,626	160,661	74,511
Non-operating Income and Expenses	(17,187)	46,254	53,284	41,951	65,601
Profit before income tax	143,084	227,911	289,910	202,612	140,112
Income (Losses) from Continuing Operations for the year	115,911	191,395	235,529	164,907	126,509
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	115,911	191,395	235,529	164,907	126,509
Other comprehensive income for the year (Net of income tax)	(4,315)	(27,166)	(9,391)	(4,730)	(4,903)
Total comprehensive income for the year	111,596	164,229	226,138	160,177	121,606
Profit attributable to shareholders of the parent	115,911	194,906	239,377	167,075	127,551
Profit attributable to Non-controlling interests	—	(3,511)	(3,848)	(2,168)	(1,042)
Total comprehensive income attributable to shareholders of the parent	111,596	167,740	229,986	162,345	122,648
Total comprehensive income attributable to Non-controlling interests	—	(3,511)	(3,848)	(2,168)	(1,042)
Earnings per share	5.79	9.74	10.88	6.07	4.22

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. Summary statement of comprehensive income - IFRS-compliant  
(standalone)

Unit: NTD thousands

Item \ Year	Financial information in the past five years				
	2017	2018	2019	2020	2021
Operating revenue	978,466	1,074,717	1,157,701	966,340	935,272
Gross Profit	324,421	350,979	409,571	315,160	261,184
Operating Income	156,429	181,043	236,603	146,497	79,686
Non-operating Income and Expenses	(17,504)	46,377	50,567	52,153	61,164
Profit before income tax	138,925	227,420	287,170	198,650	140,850
Income (Losses) from Continuing Operations for	115,911	194,906	239,377	167,075	127,551
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	115,911	194,906	239,377	167,075	127,551
Other comprehensive income for the year (Net of income tax)	(4,315)	(27,166)	(9,391)	(4,730)	(4,903)
Total comprehensive income for the year	111,596	167,740	229,986	162,345	122,648
Profit attributable to shareholders of the parent	115,911	194,906	239,377	167,075	127,551
Profit attributable to Non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to	111,596	167,740	229,986	162,345	122,648
Total comprehensive income attributable to	—	—	—	—	—
Earnings per share	5.79	9.74	10.88	6.07	4.22

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
2017	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Tseng Hui-Chin	Unqualified Opinion
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

## II. Financial analysis for the last 5 years

### (I) Financial analysis - IFRS

#### 1. Consolidated financial analysis

Item (Note 2)		Financial analysis in the past five years				
		2017	2018	2019	2020	2021
Financial structure(%)	Debt ratio	22.84	23.34	26.03	24.43	39.20
	Ratio of long-term capital to Property, plant and equipment	4,328.67	3,526.89	4,584.19	5,450.22	5,224.39
Solvency(%)	Current ratio	482.11	465.00	269.01	273.40	161.93
	Quick ratio	393.92	388.60	203.65	203.26	95.22
	Times interest earned	2,236.69	1,123.71	230.54	426.66	54.21
Operating ability	Account receivable turnover (times)	6.25	6.30	6.92	7.79	6.14
	Days sales in accounts receivable	58	58	53	47	59
	Inventory turnover (times)	4.63	4.89	4.76	4.25	3.15
	Account payable turnover (times)	7.90	8.29	7.98	7.97	7.45
	Average days in sales	79	75	77	86	116
	Fixed Assets turnover (times)	64.62	59.14	58.23	60.94	53.70
	Total assets turnover (times)	1.12	1.22	1.15	0.97	0.78
Profitability	Ratio of return on total assets (%)	10.01	16.42	18.31	11.93	8.31
	Ratio of return on equity(%)	13.20	21.33	24.23	15.91	12.12
	Ratio of profit before tax to Paid-in capital (%)	71.52	113.91	131.73	73.65	46.30
	Profit ratio (%)	8.94	13.43	15.88	12.24	10.53
	Earnings per share (\$)	5.79	9.74	10.88	6.07	4.22
Cash flow	Cash flow ratio(%)	53.12	68.75	130.39	68.45	3.97
	Cash flow adequacy ratio(%)	(Note 1)	120.7751	153.44	140.57	77.34
	Cash reinvestment ratio(%)	- 1.24	3.95	40.48	9.63	- 7.79
Leverage	Degree of operating leverage	2.71	2.56	2.29	2.89	4.88
	Degree of financial leverage	1.00	1.00	1.01	1.00	1.04

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

1. Debt ratio increased: The increase in bank loans was mainly due to the purchase of real property and the need for turnover.
2. Current ratio and quick ratio decreased: The decrease in cash and cash equivalents and increase in current liabilities was mainly due to a decline in profit, strategic increase in inventories, and increased

- loans for operating liquidity needs.
3. Interest coverage ratio decreased: This was mainly due to an increase in bank loans and interest expenditures.
  4. Account receivable turnover (times) decreased and Days sales in accounts receivable increased: The increase in accounts receivable balance was mainly due to a decrease in revenue 2021 and smooth shipment at the end of the period.
  5. Inventory turnover (times) decreased and Average days in sales increased: The increase in sales days was mainly due to a decrease in revenue and strategic inventory.
  6. Total assets turnover (times) decreased: The increase in average total assets was mainly due to a decrease in revenue and purchase of real property in 2021 compared to 2020.
  7. Return on an asset, return on shareholders' equity, pre-tax profit to paid-up capital ratio, net profit margin, and earnings per share decreased: Mainly due to lower profits reported in 2021.
  8. Cash flow ratio and cash reinvestment ratio decreased: mainly due to profit decline and lower net cash flow from operating activities.
  9. Degree of operating leverage increased: Mainly due to lower operating profit 2021 compared to 2020.

Note 1: The Company first adopted IFRS for financial statement preparation in 2015, hence the ratio could not be calculated for 2017.

Note 2: 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. Standalone financial analysis

Year		Financial analysis in the past five years				
		2017	2018	2019	2020	2021
Financial structure(%)	Debt ratio	17.99	21.36	23.34	21.55	37.38
	Ratio of long-term capital to Property, plant and equipment	4,900.51	4,468.69	5,478.18	6,259.53	5,702.24
Solvency(%)	Current ratio	600.42	474.28	255.87	256.52	140.00
	Quick ratio	516.26	402.93	190.32	186.08	73.81
	Times interest earned	—	10,830.52	1,458.72	1,274.40	65.94
Operating ability	Account receivable turnover (times)	4.95	5.30	6.38	7.69	5.73
	Days sales in accounts receivable	74	69	57	47	64
	Inventory turnover (times)	5.44	5.04	4.68	3.82	3.04
	Account payable turnover (times)	9.40	8.65	7.35	7.75	8.53
	Average days in sales	67	72	78	96	120
	Fixed Assets turnover (times)	57.11	54.22	56.92	51.99	47.14
	Total assets turnover (times)	0.88	0.97	0.94	0.73	0.63
Profitability	Ratio of return on total assets (%)	10.41	17.59	19.40	12.65	8.71
	Ratio of return on equity(%)	13.20	21.92	24.99	16.29	12.33
	Ratio of profit before tax to Paid-in capital (%)	69.44	113.67	130.48	72.21	46.54
	Profit ratio (%)	11.85	18.14	20.68	17.29	13.64
	Earnings per share (\$)	5.79	9.74	10.88	6.07	4.22
Cash flow	Cash flow ratio(%)	71.49	85.08	149.15	81.95	5.10
	Cash flow adequacy ratio(%)	(Note 1)	135.64	158.50	143.98	75.95
	Cash reinvestment ratio(%)	(1.83)	5.71	47.54	11.83	- 7.75
Leverage	Degree of operating leverage	2.03	1.94	1.72	2.16	3.32
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.03

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

1. Debt ratio increased: The increase in bank loans was mainly due to the purchase of real property and the need for turnover.
2. Current ratio and quick ratio decreased: The decrease in cash and cash equivalents and increase in current liabilities was mainly due to a decline in profit, strategic increase in inventories, and increased loans for operating liquidity needs.

3. Interest coverage ratio decreased: This was mainly due to an increase in bank loans and interest expenditures.
4. Account receivable turnover (times) decreased and Days sales in accounts receivable increased:  
The increase in accounts receivable balance was mainly due to a decrease in revenue 2021 and smooth shipment at the end of the period.
5. Inventory turnover (times) decreased and Average days in sales increased:  
The increase in sales days was mainly due to a decrease in revenue and strategic inventory.
6. Return on an asset, return on shareholders' equity, pre-tax profit to paid-up capital ratio, net profit margin, and earnings per share decreased: Mainly due to lower profits reported in 2021.
7. Cash flow ratio and cash reinvestment ratio decreased: mainly due to profit decline and lower net cash flow from operating activities.
8. Degree of operating leverage increased: Mainly due to lower operating profit 2021 compared to 2020.

Note 1: The Company first adopted IFRS for financial statement preparation in 2015, hence the ratio could not be calculated for 2017.

Note 2: Formulas of various calculations presented in this chart are explained in Note 2 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 2021 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.  
2022 Annual General Meeting

Audit Committee convener: Chiang, Po-Wen

February 24, 2022

- IV. Latest financial statements: please refer to pages 141 to 223.
- V. The latest audited standalone financial statements: Please refer to pages 224 to 314.
- 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	2021	2020	Difference	
				Amount	%(Note 1)
Current assets		\$698,415	\$763,280	(64,865)	-8.50%
Property, plant and equipment		24,321	20,440	3,881	18.99%
Intangible assets		4,589	5,134	(545)	-10.62%
Other assets		974,608	604,351	370,257	61.27%
Total assets		1,701,933	1,393,205	308,728	22.16%
Current liabilities		431,310	279,181	152,129	54.49%
Non-current liabilities		235,857	61,175	174,682	285.54%
Total liabilities		667,167	340,356	326,811	96.02%
Share capital		302,612	275,102	27,510	10.00%
Capital surplus		462,673	478,566	(15,893)	-3.32%
Retained earnings		310,506	334,261	(23,755)	-7.11%
Total equity		1,034,766	1,052,849	(18,083)	-1.72%
Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):					
1. Other assets increased: This was mainly due to the purchase of real property.					
2. Total assets increased: This was mainly due to inventory and purchase of real property.					
3. 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.					
4. Non-current liabilities increased: The new long-term loans were mainly due to the purchase of real property.					
5. 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	2021	2020	Amount change	Ratio change
				%(Note 1)
Operating revenues	\$1,201,760	\$1,347,304	(145,544)	-10.80%
Operating costs	838,032	883,297	(45,265)	-5.12%
Gross profit	363,728	464,007	(100,279)	-21.61%
Operating expenses	289,217	303,346	(14,129)	-4.66%
Operating profit	74,511	160,661	(86,150)	-53.62%
Non-operating income and expenses	65,601	41,951	23,650	56.38%
Profit before income tax	140,112	202,612	(62,500)	-30.85%
Income tax expenses	13,603	37,705	(24,102)	-63.92%
Profit for the year	126,509	164,907	(38,398)	-23.28%
Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):				
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 2019, 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

Year	2021	2020	Variation	Variation (%)
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Item				
Operating activities	17,128	191,106	(173,978)	(91.04)
Investing activities	(332,060)	(53,891)	(278,169)	516.17
Financing activities	109,893	(148,911)	258,804	(173.80)
Net cash inflow (outflow)	(209,471)	(16,191)	(193,280)	1,193.75
Analysis of cash flow variation:				
(1) Operating activities: Mainly due to reduced operating revenues and profits in 2021.				
(2) Investing activities: Mainly due to an increase in the purchase of real property in 2021.				
(3) Financing activities: An increase in long-term loans and short-term loans for turnover was mainly due to the purchase of real property in 2021.				

(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
182,893	49,826	25,071	257,790	—	—
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: A 2022 net cash inflow from financing activities was mainly due to capital increase by cash, repayment of long-term and short-term bank loans, and distribution of dividends.					
2. Financing of projected cash deficits: not applicable.					

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

(I) Utilization of major capital expenditures and sources of funds

The funds for purchasing a new plant totaling NT\$278,458,000 in 2021 came from the Company's own working capital and loans from financial institutions.

(II) Expected benefits:

To reduce future rental costs.

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 2021	Main causes of profit or loss incurred and improvement plans
ONYX HEALTHCARE USA, INC.	(631)	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.	4,215	Service income for distributing the Company's products in Europe.
Onyx Healthcare (Shanghai) Inc.	(2,588)	Due to the adjustment to business patterns, the investment loss was reduced by NT\$441,000 compared to last year.
iHelper Inc.	(888)	Due to the adjustment to business patterns, the investment loss was reduced by NT\$959,000 compared to last year.
Winmate Inc.	50,193	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\$476 thousands and NT\$2,633 thousands of interest expense in the last two years, representing 0.23% and 1.88% 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 Company and subsidiaries reported NT\$(10,982 thousands) and NT\$(5,961 thousands) of exchange gains (losses) in the last two years, representing (0.82%) and (0.50%) of operating revenues, respectively. The Company monitors exchange rate movements closely and undertakes enhanced measures to manage exchange rate risk, which ultimately reduces impact of exchange gains/losses on overall operations.

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	2017	2018	2019	2020	2021
R&D budget	68,773	66,154	68,973	68,635	79,351

- (2) Projected R&D budget for 2022: NT\$ 80 million
  - A. Doctor-patient management system: NT\$ 5 million.
  - B. Medical AI edge computing technology: NT\$ 15 million
  - C. Operating room integrated output technology: NT\$ 5 million
  - D. Integrated solution for mobile nursing care: NT\$ 15million
  - 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\$ 10 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 8.93% 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 23.67% 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. Although the delivery time of some components was delayed in 2021, because suppliers also delayed factory reopening due to the pandemic, and our sales were affected by the shipping delays.

(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. Enhancement of data 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 2020 and 2021.

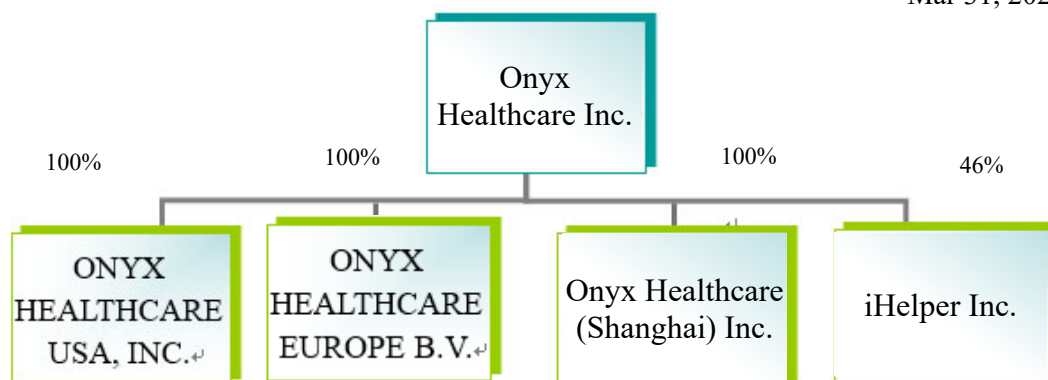
VII. Other material issues: None.

## EIGHT Special remarks

- I. Affiliated enterprises  
 (I) Consolidated business report

### 1. Affiliated enterprises chart

Mar 31, 2022



### 2. Profile of affiliated companies

December 31, 2021  
 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	55,360	Sale of medical computing solutions and accessories
ONYX HEALTHCARE EUROPE B.V.	2012.4.20	Primulalaan 42,5582 GL Waalre, The Netherlands	3,132	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	63,810	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, 2021

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) Inc.	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, 2021

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.	55,360	245,106	145,239	99,867	545,515	(5,831)	(631)	Note
ONYX HEALTHCARE EUROPE B.V.	3,132	26,882	7,851	19,031	62,255	5,110	4,215	Note
ONYX HEALTHCARE (SHANGHAI) LTD.	63,810	9,855	1,456	8,399	12	(2,584)	(2,588)	Note
IHELPER INC.	36,000	18,160	1,733	16,427	3,831	(1,932)	(1,930)	(0.54)



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 2021. 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 141.

(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 2021 financial year (from January 1 to December 31, 2021). 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 24, 2022

## Independent Auditor's Report

(111)-Cai-Shen-Bao-Zi-21003007

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, 2021 and 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement from January 1 to December 31, 2021 and 2020, and notes to consolidated 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 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 at December 31, 2021 and 2020, and consolidated business performance and cash flow for the periods January 1 to December 31, 2021 and 2020.

### **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 generally accepted 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 2021 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 2021 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 cyclicalities 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 2021 and 2020, 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 Group makes timely adjustments to inventory level in response to changes in market demand and the group's development strategies. The group carries medical computers not only in wide variety, but also make up a substantial portion of the group'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 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 at December 31, 2021 and 2020, balances of the abovementioned equity-accounted investments totaled NT\$561,275,000 and NT\$537,102,000, representing 33% and 39% of consolidated total assets, respectively. For the periods from January 1 to December 31, 2021 and 2020, comprehensive income recognized from the abovementioned companies totaled NT\$49,261,000 and NT\$32,698,000, representing 41% and 20% of consolidated comprehensive income, respectively.

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

ONYX Healthcare Inc. has prepared standalone financial statements for 2021 and 2020, 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 caused by 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. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted 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 generally accepted audit principles of the 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 2021 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

Lin, Chun-Yao

CPA

Weng, Shih-Jung

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

Approval reference: (85)-Tai-Tsai-Cheng-(6)-68702

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

Approval reference: (88)-Tai-Tsai-Cheng-(6)-95577

February 24, 2022



ONYX Healthcare Inc. and Subsidiaries  
Consolidated balance sheet  
As at December 31, 2021 and 2020

Unit: NT\$ thousand

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 182,893	11	\$ 392,364	28
1110	Financial assets at fair value through profit or loss - current	6(2)	10,125	1	5,512	1
1150	Net notes receivable	6(3)	-	-	49	-
1170	Net accounts receivable	6(3)	202,843	12	152,067	11
1180	Accounts receivable - related parties, net	7	2,673	-	648	-
1200	Other receivables		4,564	-	3,124	-
1220	Current income tax asset		6,092	-	-	-
130X	Inventory	6(4)	271,219	16	179,305	13
1410	Prepayments		16,486	1	16,513	1
1470	Other current assets	8	1,520	-	13,698	1
11XX	<b>Total current assets</b>		<u>698,415</u>	<u>41</u>	<u>763,280</u>	<u>55</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	36,406	2	38,261	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	32,381	2	2,381	-
1550	Equity-accounted investments	6(6)	561,275	33	537,102	39
1600	Property, plant and equipment	6(7)	24,321	2	20,440	1
1755	Right-of-use assets	6(8) and 7	44,683	3	9,279	1
1760	Investment property - net	6(10), 7, and 8	277,645	16	-	-
1780	Intangible assets		4,589	-	5,134	-
1840	Deferred income tax assets	6(26)	18,994	1	14,484	1
1900	Other non-current assets	8	3,224	-	2,844	-
15XX	<b>Total non-current assets</b>		<u>1,003,518</u>	<u>59</u>	<u>629,925</u>	<u>45</u>
1XXX	<b>Total assets</b>		<u>\$ 1,701,933</u>	<u>100</u>	<u>\$ 1,393,205</u>	<u>100</u>

(Continued next page)

ONYX Healthcare Inc. and Subsidiaries  
Consolidated balance sheet  
As at December 31, 2021 and 2020

Unit: NT\$ thousand

Liabilities and equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term loans	6(11)	\$ 105,000	6	\$ -	-
2130	Contractual liabilities - current	6(21)	75,755	5	55,005	4
2170	Accounts payable		91,857	5	58,615	4
2180	Accounts payable - related parties	7	32,673	2	37,860	3
2200	Other payables	6(13) and 7	73,754	4	67,473	5
2230	Current income tax liabilities		18,846	1	45,150	3
2250	Liability reserves - current	6(16)	6,272	-	6,672	1
2280	Lease liabilities - current	7	10,513	1	4,318	-
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,744	1	-	-
2399	Other current liabilities - others		5,896	-	4,088	-
21XX	<b>Total current liabilities</b>		<u>431,310</u>	<u>25</u>	<u>279,181</u>	<u>20</u>
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	42,138	3	53,072	4
2540	Long-term loans	6(14)	155,043	9	-	-
2550	Liability reserves - non-current	6(16)	1,999	-	1,942	-
2570	Deferred income tax liabilities	6(26)	1,278	-	1,078	-
2580	Lease liabilities - non-current		34,251	2	5,083	-
2645	Guarantee deposits received	7	1,148	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>235,857</u>	<u>14</u>	<u>61,175</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>667,167</u>	<u>39</u>	<u>340,356</u>	<u>24</u>
<b>Equity</b>						
<b>Equity attributable to parent company shareholders</b>						
Share capital						
3110	Common share capital	6(18)	302,612	18	275,102	20
Capital reserves						
3200	Capital reserves	6(17)(19)	462,673	27	478,566	34
Retained earnings						
3310	Legal reserves	6(20)	118,655	7	101,948	7
3320	Special reserves		44,993	3	40,263	3
3350	Unappropriated earnings		146,858	8	192,050	14
Other equity items						
3400	Other equity items		(49,896)	(3)	(44,993)	(3)
31XX	<b>Total equity attributable to parent company shareholders</b>		<u>1,025,895</u>	<u>60</u>	<u>1,042,936</u>	<u>75</u>
36XX	<b>Non-controlling equity</b>	4(3)	<u>8,871</u>	<u>1</u>	<u>9,913</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>1,034,766</u>	<u>61</u>	<u>1,052,849</u>	<u>76</u>
Major post-balance sheet date events						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,701,933</u>	<u>100</u>	<u>\$ 1,393,205</u>	<u>100</u>

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries  
Consolidated statement of comprehensive income  
For the periods January 1 to December 31, 2021 and 2020

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

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating revenues	6(21) and 7	\$ 1,201,760	100	\$ 1,347,304	100
5000 Operating costs	6(4)(24) (25) and 7	( 838,032)	( 70)	( 883,297)	( 66)
5900 Gross profit		<u>363,728</u>	<u>30</u>	<u>464,007</u>	<u>34</u>
Operating expenses	6(24) (25) and 7				
6100 Selling expenses		( 139,758)	( 12)	( 161,960)	( 12)
6200 Administrative expenses		( 69,206)	( 6)	( 70,198)	( 5)
6300 R&D expenses		( 79,351)	( 6)	( 68,635)	( 5)
6450 Expected credit impairment loss	12(2)	( 902)	-	( 2,553)	-
6000 Total operating expenses		<u>( 289,217)</u>	<u>( 24)</u>	<u>( 303,346)</u>	<u>( 22)</u>
6900 Operating profit		<u>74,511</u>	<u>6</u>	<u>160,661</u>	<u>12</u>
Non-operating income and expenses					
7100 Interest income		137	-	665	-
7010 Other income	6(22) and 7	14,754	1	9,746	1
7020 Other gains and losses	6(23)	3,150	-	( 1,887)	-
7050 Financial costs		( 2,633)	-	( 476)	-
7060 Share of profits/losses on equity-accounted associated companies and joint ventures		<u>50,193</u>	<u>4</u>	<u>33,903</u>	<u>2</u>
7000 Total non-operating income and expenses		<u>65,601</u>	<u>5</u>	<u>41,951</u>	<u>3</u>
7900 <b>Pre-tax profit</b>		<u>140,112</u>	<u>11</u>	<u>202,612</u>	<u>15</u>
7950 Income tax expense	6(26)	( 13,603)	( 1)	( 37,705)	( 3)
8200 <b>Current net income</b>		<u>\$ 126,509</u>	<u>10</u>	<u>\$ 164,907</u>	<u>12</u>

(Continued next page)

ONYX Healthcare Inc. and Subsidiaries  
Consolidated statement of comprehensive income  
For the periods January 1 to December 31, 2021 and 2020

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

Item	Note	2021		2020		
		Amount	%	Amount	%	
<b>Other comprehensive income (net)</b>						
<b>Items not reclassified into profit or loss</b>						
8320		Share of other comprehensive income from equity-accounted associated companies and joint ventures - not reclassified into profit or loss	(\$ 387)	-	(\$ 846)	-
8310		Items not reclassified into profit or loss - total	( 387)	-	( 846)	-
<b>Items likely to be reclassified into profit or loss</b>						
8361		Financial statement translation differences arising from foreign operations	( 4,963)	-	( 4,406)	-
8370		Share of other comprehensive income from equity-accounted associated companies and joint ventures - likely to be reclassified into profit or loss	( 545)	-	( 359)	-
8399	6(26)	Income tax on items that are likely to be reclassified into profit or loss	992	-	881	-
8360		Items likely to be reclassified into profit or loss - total	( 4,516)	-	( 3,884)	-
8300		<b>Other comprehensive income (net)</b>	<b>(\$ 4,903)</b>	<b>-</b>	<b>(\$ 4,730)</b>	<b>-</b>
8500		<b>Total comprehensive income for the current period</b>	<b>\$ 121,606</b>	<b>10</b>	<b>\$ 160,177</b>	<b>12</b>
Net income (loss) attributable to:						
8610		Parent company shareholders	\$ 127,551	10	\$ 167,075	12
8620		Non-controlling equity	( 1,042)	-	( 2,168)	-
		Total	<u>\$ 126,509</u>	<u>10</u>	<u>\$ 164,907</u>	<u>12</u>
Comprehensive income attributable to:						
8710		Parent company shareholders	\$ 122,648	10	\$ 162,345	12
8720		Non-controlling equity	( 1,042)	-	( 2,168)	-
		Total	<u>\$ 121,606</u>	<u>10</u>	<u>\$ 160,177</u>	<u>12</u>
Basic earnings per share						
9750	6(27)	Basic earnings per share	<u>\$ 4.22</u>		<u>\$ 5.52</u>	
Diluted earnings per share						
9850	6(27)	Diluted earnings per share	<u>\$ 4.20</u>		<u>\$ 5.49</u>	

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries  
Consolidated statement of changes in equity  
For the periods January 1 to December 31, 2021 and 2020

Unit: NTS thousand

	Note	Equity attributable to parent company shareholders									
		Retained earnings					Other equity items				
		Common share capital	Capital reserves	Legal reserves	Special reserves	Unappropriated earnings	Financial statement translation differences from foreign operations	Unrealized gains/losses on financial assets at fair value through other comprehensive income	Total	Non-controlling equity	Total
<u>2020</u>											
Balance as at January 1, 2020		\$ 220,082	\$ 473,856	\$ 78,010	\$ -	\$ 276,245	(\$ 4,100 )	(\$ 36,163 )	\$ 1,007,930	\$ 12,081	\$ 1,020,011
Current net income (loss)		-	-	-	-	167,075	-	-	167,075	( 2,168 )	164,907
Other current comprehensive income		-	-	-	-	-	( 3,884 )	( 846 )	( 4,730 )	-	( 4,730 )
Total comprehensive income for the current period		-	-	-	-	167,075	( 3,884 )	( 846 )	162,345	( 2,168 )	160,177
Appropriation and distribution of 2019 earnings:											
Provision for legal reserves		-	-	23,938	-	( 23,938 )	-	-	-	-	-
Provision for special reserves		-	-	-	40,263	( 40,263 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 132,049 )	-	-	( 132,049 )	-	( 132,049 )
Stock dividends	6(18)	55,020	-	-	-	( 55,020 )	-	-	-	-	-
Share-based payment	6(17)(19)	-	4,710	-	-	-	-	-	4,710	-	4,710
Balance as at December 31, 2020		\$ 275,102	\$ 478,566	\$ 101,948	\$ 40,263	\$ 192,050	(\$ 7,984 )	(\$ 37,009 )	\$ 1,042,936	\$ 9,913	\$ 1,052,849
<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	\$ 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:											
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)	-	( 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

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries  
Consolidated cash flow statement  
For the periods January 1 to December 31, 2021 and 2020

Unit: NT\$ thousand

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 140,112	\$ 202,612
Adjustments			
Income, expenses, and losses			
Depreciation	6(7)(8) (24)	24,818	29,276
Depreciation of investment properties (presented as other gains and losses)	6(10)(23)		
Amortization	6(24)	541	-
Expected credit impairment loss	12(2)	1,678	952
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(12) (23)	902	2,553
Interest expenses		921	( 2,544 )
Interest income		2,633	476
Dividend income	6(22)	( 137 )	( 665 )
Share-based payment - remuneration	6(17)	( 6,218 )	( 1,623 )
Share of profit from equity-accounted associated companies		11,617	4,710
Loss on lease amendment	6(8)(23)	( 50,193 )	( 33,903 )
		6	-
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		-	153
Notes receivable		49	( 49 )
Accounts receivable		( 51,564 )	6,518
Accounts receivable - related parties		( 2,025 )	1,814
Other receivables		( 1,440 )	119
Inventory		( 91,914 )	( 4,962 )
Prepayments		27	( 2,149 )
Other current assets		( 257 )	1,060
Net change in liabilities related to operating activities			
Financial liabilities held for trading		( 55 )	( 1,211 )
Contractual liabilities		9,816	14,970
Accounts payable		33,242	5,122
Accounts payable - related parties		( 5,187 )	( 29,553 )
Other payables		5,264	( 7,453 )
Other payables - related parties		( 516 )	309
Liability reserves		( 343 )	( 2,493 )
Other current liabilities		1,808	217
Cash inflow from operating activities		23,585	184,256
Interests received		137	665
Dividends received		45,889	30,756
Interests paid		( 2,581 )	( 476 )
Income tax paid		( 49,902 )	( 24,095 )
Net cash inflow from operating activities		17,128	191,106

(Continued next page)

ONYX Healthcare Inc. and Subsidiaries  
Consolidated cash flow statement  
For the periods January 1 to December 31, 2021 and 2020

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2021</u>	<u>January 1 to December 31, 2020</u>
<u>Cash flow from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 3,623 )	(\$ 179 )
Disposal of financial assets at fair value through profit or loss		-	3,865
Decrease in restricted assets (presented as other current assets)		-	45
Acquisition of financial assets at fair value through other comprehensive income		( 30,000 )	-
Acquisition of equity-accounted investments		( 14,584 )	( 27,951 )
Acquisition of property, plant, and equipment	6(28)	( 294,769 )	( 11,290 )
Disposal of property, plant, and equipment	6(7)	19	-
Acquisition of intangible assets		( 1,133 )	( 5,533 )
Decrease (increase) in guarantee deposits paid		12,030	( 12,848 )
Net cash outflow from investing activities		( 332,060 )	( 53,891 )
<u>Cash flow from financing activities</u>			
Increase in short-term loans	6(29)	105,000	-
Borrowing of long-term loan	6(29)	172,000	-
Repayment of long-term loan	6(29)	( 6,213 )	-
Repayment of lease principal	6(29)	( 10,736 )	( 16,862 )
Increase in guarantee deposits received		1,148	-
Cash dividends paid	6(20)	( 123,796 )	( 132,049 )
Distribution of cash from capital reserves	6(19)	( 27,510 )	-
Net cash inflow (outflow) from financing activities		109,893	( 148,911 )
Exchange rate impact		( 4,432 )	( 4,495 )
Decrease in cash and cash equivalents for the current period		( 209,471 )	( 16,191 )
Opening cash and cash equivalents balance	6(1)	392,364	408,555
Closing cash and cash equivalents balance	6(1)	\$ 182,893	\$ 392,364

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

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries  
Notes to consolidated financial statements  
For 2021 and 2020

Unit: NT\$ thousand  
(unless specified otherwise)

1. Corporate 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 50% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Group's ultimate parent.

2. Financial statement approval date and procedures

This consolidated financial report was passed during the board of directors meeting dated February 24, 2022.

3. Application of new standards, amendments and interpretations

(1) 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 the 2021 financial year:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 4 regarding "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (phase 2) regarding "Interest Rate Benchmark Reform"	January 1, 2021
Amendments to IFRS 16 regarding "Covid-19-Related Rent Concessions after June 30, 2021"	April 1, 2021 (Note)

Note: FSC has given its permission to bring forward the adoption to January 1, 2021.

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



(2) 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 2022 financial year:

<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.

(3) 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
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, 2023
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.

4. 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.

(1) 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).

(2) 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.

(3) 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, 2021</u>	<u>December 31, 2020</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 \$8,871 and \$9,913 on December 31, 2021 and 2020, respectively. None of the non-controlling shareholders were significant to the Group.

(4)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.

(5)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 cannot 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.

(6)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.

(7)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.

(8)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 cannot 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.

(9)Accounts and notes receivable

1. Refers to accounts and notes 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 and notes receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(10)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.

(11)Removal of financial assets

Financial assets are removed from the balance sheet when entitlement to contractual cash

inflow has ended.

(12)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.

(13)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 refers to the remainder of the estimated selling price after deducting variable selling expenses over the normal operating cycle and estimated costs to completion.

(14)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 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 or loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit or 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.

(15)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 using the cost method, with depreciation recognized over the estimated useful life using the straight-line method. 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).

(16)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.

(17) 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.

(18) Intangible assets

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

(19) 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.

(20) 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.

(21) 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.

(22)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.

(23)Removal of financial liabilities

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

(24)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.

(25)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.

(26)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.

### (27)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.

### (28)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.

#### (29) 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.

#### (30) 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.

### (31) 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.

### (32) 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.

## 5. 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:

### (1) Significant judgments adopted for accounting policies

None.

### (2) 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, 2021 totaled \$271,219.

6. Notes to major accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	\$ 263	\$ 319
Check and current deposit	182,630	352,045
Time deposit	-	40,000
	<u>\$ 182,893</u>	<u>\$ 392,364</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.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 9,873	\$ 6,250
Valuation adjustment	252	(738)
	<u>\$ 10,125</u>	<u>\$ 5,512</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	6,406	8,261
	<u>\$ 36,406</u>	<u>\$ 38,261</u>

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

	<u>2021</u>	<u>2020</u>
Financial assets mandatory to be carried		

at fair value through profit or loss

Equity instrument	(\$	865)	\$	3,856
Derivatives		-	(	100)
	(\$	865)	\$	3,756

- None of the Group's financial assets at fair value through profit or loss was placed as collateral.
- For information relating to the credit risk of financial assets carried at fair value through profit or loss, please refer to Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ -	\$ 49
Accounts receivable	\$ 219,671	\$ 168,107
Less: loss provisions	( 16,828)	( 16,040)
	<u>\$ 202,843</u>	<u>\$ 152,067</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Current	\$ 176,777	\$ -	\$ 115,727	\$ 49
Overdue within 30 days	27,029	-	35,263	-
Overdue 31 - 60 days	1,846	-	2,424	-
Overdue 61 - 90 days	76	-	-	-
Overdue 91 - 120 days	-	-	285	-
Overdue more than 121 days	<u>16,616</u>	<u>-</u>	<u>15,056</u>	<u>-</u>
	<u>\$ 222,344</u>	<u>\$ -</u>	<u>\$ 168,755</u>	<u>\$ 49</u>

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

- Balances of accounts and notes receivable (including related parties) as at December 31, 2021 and 2020, 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, 2020 were \$177,088 and \$13,320, respectively.

3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Group's notes receivable as at December 31, 2021 and 2020, amounted to \$0 and \$49, respectively; maximum credit risk exposure associated with the Group's accounts receivable (including related parties) as at December 31, 2021 and 2020, amounted to \$205,516 and \$152,715, respectively.
4. The Group held no collateral on accounts and notes receivable (including related parties).
5. For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).

(4) Inventory

	<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	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>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 85,367	(\$ 7,388)	\$ 77,979
Work-in-progress	26,696	( 181)	26,515
Semi-finished goods	45,592	( 7,809)	37,783
Finished goods	52,124	( 15,096)	37,028
	<u>\$ 209,779</u>	<u>(\$ 30,474)</u>	<u>\$ 179,305</u>



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

	<u>2021</u>		<u>2020</u>
Cost of inventory sold	\$ 810,678		\$ 853,362
Obsolescence and devaluation loss	14,659		17,259
Service and warranty cost	11,281		7,837
Impairment loss	1,308		4,839
Loss on stock-take	106		-
	<u>\$ 838,032</u>		<u>\$ 883,297</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>
Non-current portion:			
Equity instrument			
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 69,334		\$ 39,334
Valuation adjustment	<u>(36,953)</u>		<u>(36,953)</u>
	<u>\$ 32,381</u>		<u>\$ 2,381</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 \$32,381 and \$2,381 as at December 31, 2021 and 2020.
2. The amounts of fair value changes recognized through comprehensive income for financial assets at fair value through other comprehensive income were both \$0 in 2021 and 2020.
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).

(6) Equity-accounted investments

<u>Name of associated company</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>	<u>Shareholding %</u>	<u>Amount presented</u>
Winmate Inc. (Winmate)(Note)	13.85%	<u>\$ 561,275</u>	13.60%	<u>\$ 537,102</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, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 2,320,961	\$ 1,713,003
Non-current assets	1,208,922	1,052,240
Current liabilities	( 740,940)	( 550,772)
Non-current liabilities	( 501,456)	( 12,362)
Total net assets	<u>\$ 2,287,487</u>	<u>\$ 2,202,109</u>
As a percentage of net assets across associated companies	\$ 318,919	\$ 299,487
Goodwill	<u>242,356</u>	<u>237,615</u>
Book value of associated company	<u>\$ 561,275</u>	<u>\$ 537,102</u>

Statement of comprehensive income

	<u>Winmate</u>	
	<u>2021</u>	<u>2020</u>
Income	<u>\$ 2,501,627</u>	<u>\$ 1,845,525</u>
Current net income	\$ 364,706	\$ 256,062
Other comprehensive income (net, after-tax)	<u>( 6,582)</u>	<u>( 9,669)</u>
Total comprehensive income for the current period	<u>\$ 358,124</u>	<u>\$ 246,393</u>
Dividends received from associated companies	<u>\$ 39,671</u>	<u>\$ 29,133</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Winmate	<u>\$ 787,214</u>	<u>\$ 739,360</u>

(7) Property, plant and equipment

		<u>2021</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	\$ -	\$ -	\$ 17,380	\$ 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>	

2020

	<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	\$ 13,336	\$ 8,745	\$ 13,549	\$ 67,092	\$ 1,660	\$ 104,382
Accumulated depreciation	( 10,580)	( 6,702)	( 10,652)	( 52,667)	-	( 80,601)
	<u>\$ 2,756</u>	<u>\$ 2,043</u>	<u>\$ 2,897</u>	<u>\$ 14,425</u>	<u>\$ 1,660</u>	<u>\$ 23,781</u>
January 1	\$ 2,756	\$ 2,043	\$ 2,897	\$ 14,425	\$ 1,660	\$ 23,781
Addition	1,328	215	1,763	384	5,737	9,427
Transfer	2,716	-	-	576	( 3,292)	-
Depreciation	( 1,710)	( 1,036)	( 2,724)	( 7,316)	-	( 12,786)
Net exchange difference	-	( 10)	-	28	-	18
December 31	<u>\$ 5,090</u>	<u>\$ 1,212</u>	<u>\$ 1,936</u>	<u>\$ 8,097</u>	<u>\$ 4,105</u>	<u>\$ 20,440</u>
December 31						
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>\$ 5,090</u>	<u>\$ 1,212</u>	<u>\$ 1,936</u>	<u>\$ 8,097</u>	<u>\$ 4,105</u>	<u>\$ 20,440</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>
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. None of the Group's property, plant, and equipment was placed as collateral.

(8) Leases - as a lessee

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 41,719	\$ 5,436
Transport equipment	864	1,866
Office equipment	<u>2,100</u>	<u>1,977</u>
	<u>\$ 44,683</u>	<u>\$ 9,279</u>

	<u>2021</u>	<u>2020</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 9,411	\$ 15,471
Transport equipment	852	658
Office equipment	<u>441</u>	<u>361</u>
	<u>\$ 10,704</u>	<u>\$ 16,490</u>

4. Amounts of right-of-use assets added in 2021 and 2020 were \$47,065 and \$6,191, respectively.

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

	<u>2021</u>		<u>2020</u>
<u>Current income/expense accounts affected</u>			
Interest expense on lease liabilities	\$ 1,104	\$	465
Expenses on short-term lease agreements	8,892		4,436
Lease expense of low-value leases	59		22
Loss on lease amendment	6		-

6. Amounts of cash outflow incurred on leases totaled \$20,791 in 2021 and \$21,785 in 2020.

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

(9) Leases - as a lessor

1. The Group leases out its land and buildings. The current lease tenor is from September 2021 to August 2024. Lease contracts are negotiated individually and involve 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 \$2,301 of rental income from operating lease agreements in 2021; this amount included no variable lease payment.

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

	<u>December 31, 2021</u>
2022	\$ 6,897
2023	6,897
2024	<u>4,598</u>
	<u>\$ 18,392</u>

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

(10) Investment property

	<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) on March 26, 2021, and the ownership transfer was completed in May 2021. The Company previously presented the asset under property, plant, and equipment due to its initial intention to occupy the property; however, relocation and construction activities were disrupted due to COVID-19 control measures. It was inconvenient to have customers certify the plant relocation on-site during this time. 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.
2. Rent income and direct expenses associated with investment property:

	<u>2021</u>
Rent income from investment property	<u>\$ 2,301</u>
Direct expenses incurred in relation to current rent income generated from investment property	<u>\$ 541</u>



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.

(11) 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, 2020.

2. \$513 of interest expenses were recognized in profit or loss in 2021.

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

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

	<u>2021</u>	<u>2020</u>
Financial liabilities held for trading		
Derivatives	<u>(\$ 56)</u>	<u>(\$ 1,212)</u>

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries payable	\$ 29,279	\$ 26,958
Employee and director remuneration payable	21,552	24,522
Equipment purchase payable	1,726	245
Other payables	<u>21,197</u>	<u>15,748</u>
	<u>\$ 73,754</u>	<u>\$ 67,473</u>

(14) 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, 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>

None as at December 31, 2020.

(15) 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 \$6,195 in 2021 and \$6,242 in 2020.

(16) Liability reserves

	<u>2021</u> <u>Warranty</u>		<u>2020</u> <u>Warranty</u>	
January 1	\$	8,614	\$	11,107
Increase of liability reserves in the current period		6,318		6,244
Liability reserves used and reversed in the current period	(	6,661)	(	8,737)
December 31	<u>\$</u>	<u>8,271</u>	<u>\$</u>	<u>8,614</u>

Analysis of liability reserves:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
Current	<u>\$</u>	<u>6,272</u>	<u>\$</u>	<u>6,672</u>
Non-current	<u>\$</u>	<u>1,999</u>	<u>\$</u>	<u>1,942</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.

(17) Share-based payment

1. The Group had the following share-based payment arrangements in 2021 and 2020:

<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

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

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

	<u>2021</u>		<u>2020</u>	
	<u>Quantity of</u>	<u>Weighted</u>	<u>Quantity of</u>	<u>Weighted</u>
	<u>warrants</u>	<u>average</u>	<u>warrants</u>	<u>average</u>
	<u>(thousands)</u>	<u>exercise price</u>	<u>(thousands)</u>	<u>exercise price</u>
		<u>(NTD)</u>		<u>(NTD)</u>
Opening balance (January 1) of outstanding warrants	1,000	\$ 139.50	-	\$ -
Warrants granted in the current period	-	-	1,000	139.50
Closing balance (December 31) of outstanding warrants	<u>1,000</u>	121.50	<u>1,000</u>	139.50
Closing balance (December 31) of exercisable warrants	<u>-</u>		<u>-</u>	

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

			<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
			<u>December 31, 2020</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	\$ 139.50

4. The Group uses the Black-Scholes options pricing model to estimate the fair value of warrants allocated for share-based payment. Information on relevant parameters are presented below:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price expectations (NTD)</u>	<u>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

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

	<u>2021</u>	<u>2020</u>
Equity settlement	<u>\$ 11,617</u>	<u>\$ 4,710</u>

(18) Share capital

1. A resolution was passed during the shareholder meeting held in May 2020 to capitalize \$55,020 of earnings and issue 5,502,000 new shares. Registration for the above capital increase was completed in August 2020.
2. 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 2,751,000 new shares. Registration for the above capital increase was completed in September 2021.
3. The Company had \$500,000 of authorized capital (including 6,000,000 shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$302,612 of paid-up capital issued in 30,261,000 shares at a face value of NT\$10 per share as at December 31, 2021.

Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) in 2021 and 2020 is explained below:

	<u>2021</u>	<u>2020</u>
January 1	27,510	22,008
Stock dividends	<u>2,751</u>	<u>5,502</u>
December 31	<u>30,261</u>	<u>27,510</u>

4. 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. 1,000,000 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.
5. The board of directors passed a resolution to issue 3,000,000 common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the authority on January 13, 2022. For the above cash issue, the board of directors made a resolution on January 25, 2022 to set the issuance price at NT\$88 per share. Registration for the change of capital had yet to be completed as at February 24, 2022.

(19) 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>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)
Share-based payment	-	11,617	11,617
December 31	<u>\$ 446,346</u>	<u>\$ 16,327</u>	<u>\$ 462,673</u>

	<u>2020</u>		
	<u>Share premium</u>	<u>Employee warrants</u>	<u>treasury stocks</u>
January 1	\$ 473,856	\$ -	\$ 473,856
Share-based payment	-	4,710	4,710
December 31	<u>\$ 473,856</u>	<u>\$ 4,710</u>	<u>\$ 478,566</u>

(20) 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 following allocations of 2020 and 2019 earnings were resolved during the shareholder meetings held on May 22, 2021 (after accumulating the required number of electronic votes) and May 22, 2020, respectively:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserves	\$ 16,707		\$ 23,938	
Special reserves	4,730		40,263	
Cash dividends	123,796	\$ 4.5	132,049	\$ 6.0
Stock dividends	<u>27,510</u>	1.0	<u>55,020</u>	2.5
	<u>\$ 172,743</u>		<u>\$ 251,270</u>	

Furthermore, 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 dividend per share.

Appropriation of 2020 earnings was resolved during the shareholder meeting held on July 2, 2021

As explained above, the appropriation of 2020 and 2019 earnings were indifferent from the proposals raised by the board of directors.

(21) Operating revenues

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>\$ 1,201,760</u>	<u>\$ 1,347,304</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>2021</u>	<u>Medical computers</u>			<u>Services and warranty</u>		
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Taiwan</u>	<u>USA</u>	<u>Total</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>

<u>2020</u>	<u>Medical computers</u>			<u>Services and warranty</u>		
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Taiwan</u>	<u>USA</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 633,383</u>	<u>\$ 644,208</u>	<u>\$33,892</u>	<u>\$27,610</u>	<u>\$ 8,211</u>	<u>\$ 1,347,304</u>
Timing of revenue recognition						
Revenues recognized at a specific time	\$ 633,383	\$ 644,208	\$33,892	\$12,405	\$ 6,230	\$ 1,330,118
Revenues recognized progressively over time	-	-	-	15,205	1,981	17,186
	<u>\$ 633,383</u>	<u>\$ 644,208</u>	<u>\$33,892</u>	<u>\$27,610</u>	<u>\$ 8,211</u>	<u>\$ 1,347,304</u>



## 2. Contractual liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contractual liabilities - current:			
Service and sales contract	\$ 64,568	\$ 40,482	\$ 13,225
Warranty contract	11,187	14,523	18,784
Contractual liabilities - non-current:			
Service and sales contract	26,024	31,995	34,454
Warranty contract	16,114	21,077	26,644
	<u>\$ 117,893</u>	<u>\$ 108,077</u>	<u>\$ 93,107</u>

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

	<u>2021</u>	<u>2020</u>
Amount in opening contractual liabilities recognized as current income		
Service and sales contract	\$ 23,557	\$ 6,763
Warranty contract	14,503	17,111
	<u>\$ 38,060</u>	<u>\$ 23,874</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, 2021 and 2020, which had allocated prices of \$117,893 and \$108,077, respectively. The management expects to recognize \$75,755 and \$55,005 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2021 and 2020, 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.

(22) Other income

	<u>2021</u>		<u>2020</u>
Dividend income	\$ 6,218	\$	1,623
Rental income	2,301		-
Other income	<u>6,235</u>		<u>8,123</u>
	<u>\$ 14,754</u>	\$	<u>9,746</u>

(23) Other gains and losses

	<u>2021</u>		<u>2020</u>
Government subsidies income	\$ 10,579	\$	6,551
Loss on currency exchange	( 5,961)	(	10,982)
(Loss) gain on financial assets or liabilities at fair value through profit or loss	( 921)		2,544
Depreciation of investment property	( 541)		-
Loss on lease amendment	<u>( 6)</u>		<u>-</u>
	<u>\$ 3,150</u>	(\$	<u>1,887)</u>

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

	<u>2021</u>		<u>2020</u>
Employee benefit expenses	\$ 245,382	\$	244,866
Depreciation on property, plant, and equipment	14,114		12,786
Depreciation on right-of-use assets	10,704		16,490
Amortization	<u>1,678</u>		<u>952</u>
	<u>\$ 271,878</u>	\$	<u>275,094</u>

(25) Employee benefit expenses

	<u>2021</u>		<u>2020</u>
Salary expenses	\$ 216,778	\$	216,721
Labor/health insurance premium	20,379		20,256
Pension expense	6,195		6,242
Other personnel expenses	<u>2,030</u>		<u>1,647</u>
	<u>\$ 245,382</u>	\$	<u>244,866</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 \$11,329 and \$15,000, and director remuneration at \$2,400 and \$2,400, for 2021 and 2020, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2021 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 \$11,329 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2020 employee remuneration and director remuneration at \$15,000 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2020 financial report and were to be paid in cash. Payment had yet to be completed as at February 24, 2022.

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

(26) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax on current profit	\$ 18,738	\$ 35,625
Additional tax on unappropriated earnings	-	949
Overestimation of income tax expenses in previous years	<u>(1,817)</u>	<u>(287)</u>
Total current income tax	16,921	36,287
Deferred income tax:		
Occurrence and reversal of temporary difference	<u>(3,318)</u>	<u>1,418</u>
Income tax expense	<u>\$ 13,603</u>	<u>\$ 37,705</u>

(2) Income tax on other comprehensive income:

	<u>2021</u>	<u>2020</u>
Translation differences from foreign operations	<u>(\$ 993)</u>	<u>(\$ 881)</u>

2. Relationship between income tax expense and accounting profit

	<u>2021</u>		<u>2020</u>
Income tax derived by applying the statutory tax rate to pre-tax income (Note)	\$ 28,474		\$ 45,860
Tax-exempt income under tax law	( 13,054)		( 8,817)
Overestimation of income tax expenses in previous years	( 1,817)		( 287)
Additional tax on unappropriated earnings	<u>-</u>		<u>949</u>
Income tax expense	<u>\$ 13,603</u>		<u>\$ 37,705</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>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	<u>1,735</u>	<u>( 52)</u>	<u>-</u>	<u>1,683</u>
	14,484	3,518	992	18,994
- Deferred income tax liabilities:				
Gain on foreign investments	<u>( 1,078)</u>	<u>( 200)</u>	<u>-</u>	<u>( 1,278)</u>
	<u>\$ 13,406</u>	<u>\$ 3,318</u>	<u>\$ 992</u>	<u>\$ 17,716</u>

	<u>2020</u>		Recognized in other comprehensive income	<u>December 31</u>
	<u>January 1</u>	<u>Recognized through profit and loss</u>		
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 2,221	(\$ 498)	\$ -	\$ 1,723
Allowance for inventory devaluation	4,699	1,443	-	6,142
Unrealized gross profit	1,853	196	-	2,049
Unrealized loss on exchange	747	( 569)	-	178
Translation differences from foreign operations	1,025	-	881	1,906
Others	<u>3,458</u>	<u>( 972)</u>	<u>-</u>	<u>2,486</u>
	<u>14,003</u>	<u>( 400)</u>	<u>881</u>	<u>14,484</u>
- Deferred income tax liabilities:				
Gain on foreign investments	-	( 1,078)	-	( 1,078)
Others	<u>( 60)</u>	<u>60</u>	<u>-</u>	<u>-</u>
	<u>( 60)</u>	<u>( 1,018)</u>	<u>-</u>	<u>( 1,078)</u>
	<u>\$ 13,943</u>	<u>(\$ 1,418)</u>	<u>\$ 881</u>	<u>\$ 13,406</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 2019.

(27) EPS

	<u>2021</u>		
	Amount after tax	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
<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>
	<u>2020</u>		
	Amount after tax	Retrospective adjustment to outstanding shares (thousand shares)(Note)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 167,075</u>	<u>30,261</u>	<u>\$ 5.52</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 167,075	30,261	
Dilutive effect of potential common shares			
Employee remuneration	-	170	
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 167,075</u>	<u>30,431</u>	<u>\$ 5.49</u>

Employee warrants issued by the Company had an anti-dilutive effect in 2021 and 2020, and were therefore excluded from the calculation of earnings per share.

Note: The outstanding shares mentioned above have been adjusted retrospectively for the capitalization of unappropriated earnings in 2020.

(28) Supplementary cash flow information

Investing activities involving partial cash outlay:

	<u>2021</u>	<u>2020</u>
Purchase of property, plant, and equipment	\$ 296,250	\$ 9,427
Plus: equipment proceeds payable at the beginning of the period	245	2,108
Less: Equipment proceeds payable at the end of the period	( 1,726)	( 245)
Cash paid during the current period	<u>\$ 294,769</u>	<u>\$ 11,290</u>

(29) Change of liabilities relating to financing activities

	<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>

	<u>2020</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ -	\$ 19,915	\$ 19,915
Repayment of lease principal	-	-	( 16,862)	( 16,862)
Effects of exchange rate change	-	-	157	157
Other changes without cash effect	-	-	6,191	6,191
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,401</u>	<u>\$ 9,401</u>

## 7. Related party transactions

### (3) Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 50% 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.

### (4) 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 the common ultimate parent
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Affiliated subsidiary - with the common ultimate parent
AAEON ELECTRONICS,INC.	Affiliated subsidiary - with the common ultimate parent
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.	Other related party - investee accounted by the Company's parent using the equity method
WT Microelectronics Co., Ltd. (Note)	Other related party - investee accounted by the Company's affiliated subsidiary using the equity method
NuVision Technology, Inc. (Note)	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Morrihan International Corp. (Note)	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary



	using the equity method
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	Other related party - the Company's Chairman concurrently serves as chairman in the entity
EverFocus Electronics Corp. (USA)	Other related party - the Company's Chairman concurrently serves as chairman in the entity's parent
Everhighlight Technology Corp.	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
MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in the entity
Kinpo Electronics Inc.	Other related party - iHELPER's chairman serves as director for the entity
New Era AI Robotics Inc.	Other related party - subsidiary of a shareholder that has significant influence over iHELPER
Spark Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
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

Note: WT Microelectronics Co., Ltd. and its subsidiaries became related parties of the Group on April 21, 2020.

(5) Major transactions with related parties

1. Operating revenues

	<u>2021</u>	<u>2020</u>
Sales of goods:		
Ultimate parent company	\$ -	\$ 106
Parent company	6,432	254
Affiliated subsidiary of the same group	4,456	15,341
Associated company	5	-
Other related parties	<u>3,092</u>	<u>2,834</u>
	<u>\$ 13,985</u>	<u>\$ 18,535</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 30-60 days after shipment or 30 days after the current month-end.

## 2. Purchases

	<u>2021</u>	<u>2020</u>
Purchase of merchandise:		
Parent company		
AAEON Technology Inc.	\$ 192,172	\$ 264,915
Affiliated subsidiary of the same group	-	131
Associated company	5,088	2,290
Other related parties	<u>17,780</u>	<u>14,522</u>
	<u>\$ 215,040</u>	<u>\$ 281,858</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>2021</u>	<u>2020</u>
Parent company	\$ 9,186	\$ 5,259
Affiliated subsidiary of the same group	4,323	4,839
Associated company	1,376	351
Other related parties	<u>2,825</u>	<u>5,765</u>
	<u>\$ 17,710</u>	<u>\$ 16,214</u>

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

## 4. Other income

	<u>2021</u>	<u>2020</u>
Other related parties		
EverFocus Electronics Corp.(USA)	<u>\$ 5,042</u>	<u>\$ 5,319</u>

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

5. Rental income (presented as other income)

	<u>2021</u>	<u>2020</u>
Parent company		
AAEON Technology Inc.	<u>\$ 2,301</u>	<u>\$ -</u>

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

6. Related party receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Ultimate parent company	\$ -	\$ 111
Parent company	2,093	22
Affiliated subsidiary of the same group	447	515
Other related parties	133	-
	<u>\$ 2,673</u>	<u>\$ 648</u>

7. Related party payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Parent company		
AAEON Technology Inc.	\$ 31,709	\$ 34,360
Associated company	22	-
Other related parties	942	3,500
	<u>\$ 32,673</u>	<u>\$ 37,860</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
Parent company	\$ 152	\$ 280
Affiliated subsidiary of the same group	-	141
Other related parties	3	250
	<u>\$ 155</u>	<u>\$ 671</u>

8. Leases - as a lessee

(1) Acquisition of right-of-use assets

	<u>2021</u>	<u>2020</u>
Affiliated subsidiary of the same group		
AAEON ELECTRONICS,INC.	<u>\$ 7,963</u>	<u>\$ -</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, 2021</u>	<u>December 31, 2020</u>
Affiliated subsidiary of the same group		
AAEON ELECTRONICS,INC.		
Current	<u>\$ 3,987</u>	<u>\$ -</u>

The Group leases office premises from one of its affiliated subsidiaries; the lease tenor began January 2021 and ends December 2022. Amounts paid in relation to the above totaled \$4,132 in 2021 and \$4,256 in 2020.

9. Guarantee deposits received

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Parent company		
AAEON Technology Inc.	<u>\$ 1,148</u>	<u>\$ -</u>

Represents rental deposit.

(6) Compensation for key management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 40,099	\$ 46,952
Retirement benefits	<u>605</u>	<u>610</u>
	<u>\$ 40,704</u>	<u>\$ 47,562</u>

8. 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, 2021</u>	<u>December 31, 2020</u>	
Time deposit (presented as other current assets)	<u>\$ 830</u>	<u>\$ 854</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non-current assets)	<u>\$ 3,224</u>	<u>\$ 15,254</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (presented as investment property)	<u>\$ 229,660</u>	<u>\$ -</u>	Long-term loans
Buildings (presented as investment property)	<u>\$ 47,985</u>	<u>\$ -</u>	Long-term loans

9. Major contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Losses from major disasters

None.

11. Major post-balance sheet date events

See Note 6(18)5 for details on the cash issue resolved by the board of directors during the meeting held on December 17, 2021.

12. Others

(1) 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.

(2) Financial instruments

1. Types of financial instrument

	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ 46,531	\$ 43,773
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 32,381	\$ 2,381
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 182,893	\$ 392,364
Notes receivable	-	49
Accounts receivable	202,843	152,067
Accounts receivable - related parties	2,673	648
Other receivables	4,564	3,124
Other financial assets (presented as other current assets)	830	854
Guarantee deposits paid (presented as other current and non-current assets)	3,224	15,254
	<u>\$ 397,027</u>	<u>\$ 564,360</u>
<u>Financial liabilities</u>		
Financial liabilities carried at cost after amortization		
Short-term loans	\$ 105,000	\$ -
Accounts payable	91,857	58,615
Accounts payable - related parties	32,673	37,860
Other payables	73,754	67,473
Long-term loans (including those due within one year)	165,787	-
Guarantee deposits received	1,148	-
	<u>\$ 470,219</u>	<u>\$ 163,948</u>
Lease liabilities	<u>\$ 44,764</u>	<u>\$ 9,401</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 and cross-currency swap 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 and cross-currency contracts 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, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	Book value
	<u>(thousand dollars)</u>		<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

	<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	Book value
	<u>(thousand dollars)</u>		<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,054	28.48	\$ 143,938
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	790	28.48	22,499

- E. Total loss on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation in 2021 and 2020 amounted to \$5,961 and \$10,982, respectively.
- F. The following is an analysis of risk exposures to various foreign currencies and impacts of significant exchange rate fluctuations:



		<u>2021</u>		
		<u>Sensitivity analysis</u>		
		<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	1,281	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		343	-
		<u>2020</u>		
		<u>Sensitivity analysis</u>		
		<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	1,439	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		225	-

### 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 \$465 and \$438 in 2021 and 2020, 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 \$324 and \$24, respectively.

### Cash flow and fair value risk of interest rate

- A. The Group's exposure to interest rate risk arises mainly from short-term and 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 2021 were denominated in NTD.
- B. A 1% rise/fall in the borrowing interest rate would reduce/increase net income by \$2,166 in 2021, assuming that all other factors remain unchanged. These changes are mainly attributed to changes in interest expense on loans borrowed at the floating rate.

### (2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle and pay accounts receivable according to the prescribed terms.
- B. The Group has developed credit risk management practices from a group perspective. According to the Group's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by considering customers' financial position, previous conduct, and other relevant factors. The board of directors sets individual counterparty risk limits based on internal or external assessments. Uses of credit limit are monitored on a regular basis.
- C. The Group adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 90 days.
- D. The Group has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying any significant increase in the credit risk of a financial instrument held on hand after initial recognition:  
A financial asset is considered to have exhibited a significant increase in credit risk after initial recognition when contractual payment (according to the terms of the underlying contract) becomes past due for more than 30 days.
- E. The Group distinguishes accounts receivable 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, 2021 and 2020.
- 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, 2021 and 2020, the Company had outstanding accounts receivable of \$159,372 and \$146,454

and had made bad debt provisions of \$340 and \$293, 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 notes and accounts receivable from customers under normal credit conditions. Provision matrix as at December 31, 2021 and 2020, 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, 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>

	<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, 2020</u>							
Expected loss given default	0~2%	6%	23%	47%	50%	100%	
Total book value	<u>\$ 2,510</u>	<u>\$ 2,789</u>	<u>\$ 1,754</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 15,012</u>	<u>\$ 22,350</u>
Loss provision	<u>\$ 33</u>	<u>\$ 154</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ 15,012</u>	<u>\$ 15,747</u>

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

	<u>2021</u>	<u>2020</u>
January 1	\$ 16,040	\$ 13,320
Impairment loss provided	902	2,553
Exchange rate impact	(114)	167
December 31	<u>\$ 16,828</u>	<u>\$ 16,040</u>

Losses provided in 2021 and 2020 included \$902 and \$2,553 of impairment losses, 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, 2021 and 2020, the Group had undrawn credit limits of \$59,000 and \$86,800, 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, 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

December 31, 2020

<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	\$ 58,615	\$ -	\$ -	\$ -
Accounts payable - related parties	37,860	-	-	-
Other payables	67,473	-	-	-
Lease liabilities	4,654	2,915	2,329	-

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

(3) 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 cannot be observed for an asset or liability. Investments in equity

instruments without an active market are valued using this input.

2. For fair value information of investment properties carried at cost, please refer to Note 6(10).
3. Financial instruments not measured at fair value  
Accounts including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, 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 by nature:

December 31, 2021	<u>Level 1 input</u>	<u>Level 2 input</u>	<u>Level 3 input</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>
December 31, 2020	<u>Level 1 input</u>	<u>Level 2 input</u>	<u>Level 3 input</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 5,512	\$ -	\$ 38,261	\$ 43,773
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
	<u>\$ 5,512</u>	<u>\$ -</u>	<u>\$ 40,642</u>	<u>\$ 46,154</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 2021 or 2020.
6. Changes in level 3 input in 2021 and 2020 are explained below:

	<u>2021</u>	<u>2020</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
January 1	\$ 40,642	\$ 36,250
Additions in the current period	30,000	-
Recognized through profit or loss (Note)	<u>(1,855)</u>	<u>4,392</u>
December 31	<u>\$ 68,787</u>	<u>\$ 40,642</u>

Note: Presented as other gains and losses.

7. There had been no transfer to or from level 3 input in 2021 or 2020.
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 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>		<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
			<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>Fair value as at</u>	<u>Valuation</u>	<u>and</u>	<u>(weighted</u>	<u>between input</u>
	<u>December 31,</u>	<u>technique</u>	<u>unobservable</u>	<u>average)</u>	<u>and fair value</u>
	<u>2020</u>		<u>input</u>		
Equity instrument:					
Non-listed shares	\$ 2,381	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	38,261	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, 2021</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>\$ 1,750</u>	<u>(\$ 1,600)</u>



(4) Other matters

Delivery of some sales orders was postponed due to COVID-19, and as a result, operating revenues decreased in 2021 compared to the previous year. The Group has adjusted its procurement and materials sourcing strategies based on the current state of sales orders and materials supply to ensure prompt shipment.

13. Other disclosures

(5) Information related to significant transactions

Significant transactions undertaken by the Group in 2021, 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: Please refer to Attachment 2.
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 3.
8. Related party accounts receivable amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 4.
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 5.

(6) Information on business investments

Names, locations, and information on investees (excluding Mainland investees): Please see Attachment 6.

(7) Information relating to investments in the Mainland

1. Profile: Please see Attachment 7.
2. Significant transactions with Mainland investees, whether directly invested or indirectly invested through a third location: None.

(8) Information on major shareholders

Information on major shareholders: Please see Attachment 8.

#### 14. Segment information

##### (1) 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.

##### (2) 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.

##### (3) Segment profit/loss

	<u>2021</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	\$ 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>\$ 19,794</u>	<u>\$ 4,126</u>	<u>\$ 2,576</u>	<u>\$ -</u>	<u>\$ 26,496</u>

	<u>2020</u>			<u>Eliminated upon</u>	<u>Consolidated</u>
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>consolidation</u>	
Income from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 660,993	\$652,419	\$ 33,892	\$ -	\$1,347,304
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>312,029</u>	<u>73</u>	<u>28,131</u>	<u>( 340,233)</u>	<u>-</u>
	<u>\$ 973,022</u>	<u>\$652,492</u>	<u>\$ 62,023</u>	<u>(\$340,233)</u>	<u>\$1,347,304</u>
Segment profit/loss	<u>\$ 142,551</u>	<u>\$ 17,895</u>	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 160,661</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 23,130</u>	<u>\$ 4,475</u>	<u>\$ 2,623</u>	<u>\$ -</u>	<u>\$ 30,228</u>

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

(4) 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>2021</u>	<u>2020</u>
Net income from reporting segments	\$ 71,986	\$ 160,446
Net income from other reporting segments	<u>2,525</u>	<u>215</u>
Total across segments	\$ 74,511	\$ 160,661
(Loss) gain on financial assets or liabilities (at fair value through profit or loss)	( 921)	2,544
Other gains and losses	69,155	39,883
Financial costs	<u>( 2,633)</u>	<u>( 476)</u>
Pre-tax profit from continuing operations	<u>\$ 140,112</u>	<u>\$ 202,612</u>

(5) 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.

(6) Regional disclosure

The following are the Group's regional disclosures for 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 621,986	\$ 342,530	\$ 660,993	\$ 27,166
USA	545,016	4,406	652,419	395
Others	34,758	4,302	33,892	7,292
	<u>\$ 1,201,760</u>	<u>\$ 351,238</u>	<u>\$ 1,347,304</u>	<u>\$ 34,853</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).

(7) Information on key customers

Customers with sales values representing more than 10% of consolidated operating revenues in 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Customer A	\$ 80,477	\$ 148,658

ONYX Healthcare Inc. and Subsidiaries

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

December 31, 2021

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)	Shareholding 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	\$ 5,222	0.04%	\$ 5,222	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	169,658	4,903	0.17%	4,903	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	36,406	13.04%	36,406	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	2,500,000	30,000	6.30%	30,000	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

Acquisition of real estate amounting to NT\$300 million or 20% of paid-up capital or above

January 1 to December 31, 2021

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Acquiring entity of real estate</u>	<u>Property name</u>	<u>Date of occurrence</u> (Note 3)	<u>Transaction amount</u> (tax-inclusive)	<u>Payment of consideration</u> (tax-inclusive)	<u>Counterparty</u>	<u>Relationship</u>	<u>Information of previous transfer, if the counterparty is a related party</u>				<u>Pricing reference</u>	<u>Purpose of acquisition and usage</u>	<u>Other terms and conditions</u>
							<u>Owner</u>	<u>with the issuer</u>	<u>Date of transfer</u>	<u>Amount</u>			
ONYX Healthcare Inc.	Land and building	March 26, 2021	\$ 280,077	\$ 280,077	Moxa Inc.	Non-related	-	-	-	-	Valuation report and price negotiation	Property was acquired to be self-occupied for business-related purposes, but is currently leased to an external party	-

Note 1: If prevailing regulations require a valuation on the acquired asset, state the valuation outcome in the "Pricing reference and basis" field.

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.

Note 3: Date of occurrence refers to the earliest signing date, payment date, deal date, date of ownership transfer, board of directors' resolution date, or any other dates when the transaction counterparty and the amount can be verified with certainty.

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, 2021

Attachment 3

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale)</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>Amount</u>	<u>As a percentage to total purchases</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) (\$	277,974)	(29.72%)	90 days after month-end	\$ -	-	\$ 99,253	47.70%	None
ONYX Healthcare Inc.	AAEON Technology Inc.	Parent company	Purchase	71,265	10.46%	30 days after month-end	-	-	( 6,260)	(6.67%)	
ONYX HEALTHCARE USA, INC.	AAEON Technology Inc.	Parent company	Purchase	120,907	28.74%	60 days after month-end	-	-	( 25,449)	(19.96%)	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, 2021

Attachment 4

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	\$ 99,253	3.66	\$ -	-	\$ 36,417	\$ -

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, 2021

Attachment 5

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Serial No.</u> (Note 1)	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the transacting party</u> (Note 2)	<u>Account</u>	<u>Transaction summary</u>		<u>As a percentage of consolidated revenues or total assets</u> (Note 3)
					<u>Amount</u>	<u>Transaction terms</u>	
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 277,974	90 days after month-end	23.13%
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Accounts receivable	9925300.00%	90 days after month-end	5.83%

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. and Subsidiaries

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

January 1 to December 31, 2021

Attachment 6

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Name of investor</u>	<u>Name of investee</u> (Notes 1 and 2)	<u>Location</u>	<u>Main business activities</u>	<u>Sum of initial investment</u>		<u>Period-end holding position</u>			<u>Current period</u>	<u>Investment</u>	<u>Remarks</u>
				<u>End of current period</u>	<u>End of previous year</u>	<u>Shares</u>	<u>Percentage (%)</u>	<u>Book value</u>	<u>profit/loss of the investee</u> (Note 2(2))	<u>gains/losses recognized in the current period</u> (Note 2(3))	
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 55,360	\$ 56,960	200,000	100	\$ 94,100	(\$ 631)	(\$ 631)	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support and maintenance of medical computers and peripherals	3,132	3,502	100,000	100	11,672	4,215	4,215	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,557	( 1,930)	( 888)	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	552,783	538,199	10,041,000	14	561,275	365,311	50,193	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 in 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 in 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, 2021 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, 2021

Attachment 7

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 Taiwan		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
				Invested	Recovered	Invested	Recovered							
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 60,896	1	\$ 55,360	\$ 5,536	\$ -	\$ 60,896	(\$ 2,588)	100	(\$ 2,588)	\$ 7,508	\$ -	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 of China	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland China
ONYX Healthcare Inc.	\$ 60,896	\$ 60,896	\$ 620,860

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, 2021 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, 2021

Attachment 8

	<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding</u>	<u>Shareholding percentage (%)</u>
AAEON Technology Inc.		15,132,074		50.00
Chuang, Yung-Shun		2,361,878		7.80
ASUSTeK Computer Inc.		1,694,112		5.59

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

(111)-Cai-Shen-Bao-Zi-21002844

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, 2021 and 2020, the standalone statement of comprehensive income, standalone statement of changes in equity, and standalone cash flow statement from January 1 to December 31, 2021 and 2020, 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, 2021 and 2020, and standalone business performance and cash flow for the periods January 1 to December 31, 2021 and 2020.

### **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 generally accepted 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 2021 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 2021 standalone financial statements of ONYX Healthcare are as follows:

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

#### Description

Please refer to Note 4(30) 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 2021 and 2020, 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 medical computers not only in wide variety, but also make 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 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, 2021 and 2020, balances of the abovementioned equity-accounted investments totaled NT\$561,275,000 and NT\$537,102,000, representing 34% and 40% of total assets, respectively. For the periods from January 1 to December 31, 2021 and 2020, comprehensive income recognized from the abovementioned companies totaled NT\$49,261,000 and NT\$32,698,000, representing 40% and 20% 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. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted 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 generally accepted audit principles of the 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 2021 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

Lin, Chun-Yao

CPA

Weng, Shih-Jung

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

Approval reference: (85)-Tai-Tsai-Cheng-(6)-68702

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

Approval reference: (88)-Tai-Tsai-Cheng-(6)-95577

February 24, 2022

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2021 and 2020

Unit: NT\$ thousand

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 54,982	3	\$ 295,565	22
1110	Financial assets at fair value through profit or loss - current	6(2)	10,125	1	5,512	-
1150	Net notes receivable	6(3)	-	-	49	-
1170	Net accounts receivable	6(3)	93,958	6	55,111	4
1180	Accounts receivable - related parties, net	7	114,101	7	54,668	4
1200	Other receivables	7	4,211	-	2,564	-
130X	Inventory	6(4)	239,372	14	152,065	12
1410	Prepayments		10,683	1	9,556	1
1470	Other current assets	8	1,520	-	13,488	1
11XX	<b>Total current assets</b>		<u>528,952</u>	<u>32</u>	<u>588,578</u>	<u>44</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	36,406	2	38,261	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	32,381	2	2,381	-
1550	Equity-accounted investments	6(6)	682,112	42	660,436	50
1600	Property, plant and equipment	6(7)	22,105	2	17,572	1
1755	Right-of-use assets	6(8)	37,999	2	4,193	-
1760	Investment property - net	6(10), 7, and 8	277,645	17	-	-
1780	Intangible assets		4,589	-	5,134	1
1840	Deferred income tax assets	6(26)	14,133	1	10,616	1
1900	Other non-current assets	8	1,992	-	2,197	-
15XX	<b>Total non-current assets</b>		<u>1,109,362</u>	<u>68</u>	<u>740,790</u>	<u>56</u>
1XXX	<b>Total assets</b>		<u>\$ 1,638,314</u>	<u>100</u>	<u>\$ 1,329,368</u>	<u>100</u>

(Continued next page)

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2021 and 2020

Unit: NT\$ thousand

Liabilities and equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term loans	6(11)	\$ 105,000	6	\$ -	-
2130	Contractual liabilities - current	6(21)	75,430	5	53,821	4
2170	Accounts payable		86,685	5	56,767	4
2180	Accounts payable - related parties	7	7,223	1	3,935	-
2200	Other payables	6(13) and 7	55,972	4	54,981	4
2220	Other payables - related parties	7	2,356	-	3,601	-
2230	Current income tax liabilities		17,442	1	42,670	3
2250	Liability reserves - current	6(16)	6,272	-	6,672	1
2280	Lease liabilities - current		4,824	-	2,927	-
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,744	1	-	-
2399	Other current liabilities - others		5,886	-	4,070	1
21XX	<b>Total current liabilities</b>		<u>377,834</u>	<u>23</u>	<u>229,444</u>	<u>17</u>
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	42,096	3	52,694	4
2540	Long-term loans	6(14)	155,043	9	-	-
2550	Liability reserves - non-current	6(16)	1,999	-	1,942	1
2570	Deferred income tax liabilities	6(26)	1,278	-	1,078	-
2580	Lease liabilities - non-current		33,021	2	1,274	-
2645	Guarantee deposits received	7	1,148	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>234,585</u>	<u>14</u>	<u>56,988</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>612,419</u>	<u>37</u>	<u>286,432</u>	<u>22</u>
<b>Equity</b>						
Share capital						
3110	Common share capital	6(18)	302,612	19	275,102	21
Capital reserves						
3200	Capital reserves	6(17)(19)	462,673	28	478,566	36
Retained earnings						
3310	Legal reserves	6(20)	118,655	7	101,948	8
3320	Special reserves		44,993	3	40,263	3
3350	Unappropriated earnings		146,858	9	192,050	14
Other equity items						
3400	Other equity items		(49,896)	(3)	(44,993)	(4)
3XXX	<b>Total equity</b>		<u>1,025,895</u>	<u>63</u>	<u>1,042,936</u>	<u>78</u>
Major post-balance sheet date events 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,638,314</u>	<u>100</u>	<u>\$ 1,329,368</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  
For the periods January 1 to December 31, 2021 and 2020

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

	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	6(21) and 7	\$ 935,272	100	\$ 966,340	100
5000	Operating costs	6(4)(24) (25) and 7	( 670,318)	( 72)	( 650,196)	( 67)
5900	Gross profit		264,954	28	316,144	33
5910	Unrealized gain on sales		( 14,016)	( 1)	( 10,246)	( 1)
5920	Realized gain on sales		10,246	1	9,262	1
5950	Net gross profit		261,184	28	315,160	33
	Operating expenses	6(24) (25) and 7				
6100	Selling expenses		( 61,108)	( 7)	( 58,482)	( 6)
6200	Administrative expenses		( 43,515)	( 5)	( 41,924)	( 5)
6300	R&D expenses		( 76,926)	( 8)	( 65,597)	( 7)
6450	Expected credit impairment gain (loss)	12(2)	51	-	( 2,660)	-
6000	Total operating expenses		( 181,498)	( 20)	( 168,663)	( 18)
6900	Operating profit		79,686	8	146,497	15
	Non-operating income and expenses					
7100	Interest income	7	134	-	732	-
7010	Other income	6(22) and 7	9,765	1	4,425	-
7020	Other gains and losses	6(23)	3,133	-	( 1,815)	-
7050	Financial costs		( 2,169)	-	( 156)	-
7070	Share of profits/losses on equity-accounted subsidiaries, associated companies, and joint ventures	6(6)	50,301	6	48,967	5
7000	Total non-operating income and expenses		61,164	7	52,153	5
7900	<b>Pre-tax profit</b>		140,850	15	198,650	20
7950	Income tax expense	6(26)	( 13,299)	( 1)	( 31,575)	( 3)
8200	<b>Current net income</b>		\$ 127,551	14	\$ 167,075	17
	<b>Other comprehensive income</b>					
	<b>Items not reclassified into profit or loss</b>					
8330	Share of other comprehensive income from subsidiaries, equity-accounted associated companies, and joint ventures - not reclassified into profit or loss		( \$ 387)	-	( \$ 846)	-
8310	Items not reclassified into profit or loss - total		( 387)	-	( 846)	-
	<b>Items likely to be reclassified into profit or loss</b>					
8361	Financial statement translation differences arising from foreign operations		( 4,963)	( 1)	( 4,406)	-
8380	Share of other comprehensive income from equity-accounted subsidiaries, associated companies, and joint ventures - likely to be reclassified into profit or loss		( 545)	-	( 359)	-

(Continued next page)

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  
For the periods January 1 to December 31, 2021 and 2020

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

	Item	Note	2021		2020	
			Amount	%	Amount	%
8399	Income tax on items that are likely to be reclassified into profit or loss	6(26)	992	-	881	-
8360	Items likely to be reclassified into profit or loss - total		(4,516)	(1)	(3,884)	-
8300	<b>Other comprehensive income (net)</b>		(4,903)	(1)	(4,730)	-
8500	<b>Total comprehensive income for the current period</b>		<u>\$ 122,648</u>	<u>13</u>	<u>\$ 162,345</u>	<u>17</u>
	Basic earnings per share	6(27)				
9750	Current net income		<u>\$</u>	<u>4.22</u>	<u>\$</u>	<u>5.52</u>
	Diluted earnings per share	6(27)				
9850	Current net income		<u>\$</u>	<u>4.20</u>	<u>\$</u>	<u>5.49</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 Changes in Equity  
For the periods January 1 to December 31, 2021 and 2020

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>2020</u>									
Balance as at January 1, 2020		\$ 220,082	\$ 473,856	\$ 78,010	\$ -	\$ 276,245	(\$ 4,100 )	(\$ 36,163 )	\$ 1,007,930
Current net income		-	-	-	-	167,075	-	-	167,075
Other current comprehensive income		-	-	-	-	-	( 3,884 )	( 846 )	( 4,730 )
Total comprehensive income for the current period		-	-	-	-	167,075	( 3,884 )	( 846 )	162,345
Appropriation and distribution of 2019 earnings:	6(20)								
Provision for legal reserves		-	-	23,938	-	( 23,938 )	-	-	-
Provision for special reserves		-	-	-	40,263	( 40,263 )	-	-	-
Cash dividends		-	-	-	-	( 132,049 )	-	-	( 132,049 )
Stock dividends	6(18)	55,020	-	-	-	( 55,020 )	-	-	-
Share-based payment	6(17)(19)	-	4,710	-	-	-	-	-	4,710
Balance as at December 31, 2020		\$ 275,102	\$ 478,566	\$ 101,948	\$ 40,263	\$ 192,050	(\$ 7,984 )	(\$ 37,009 )	\$ 1,042,936
<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)	-	( 27,510 )	-	-	-	-	-	( 27,510 )
Share-based payment	6(17)(19)	-	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

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  
For the periods January 1 to December 31, 2021 and 2020

Unit: NT\$ thousand

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 140,850	\$ 198,650
Adjustments			
Income, expenses, and losses			
Depreciation	6(7)(8)(24)	18,062	21,894
Depreciation of investment properties (presented as other gains and losses)	6(10)(23)		
Amortization	6(24)	541	-
Expected credit impairment (gain) loss	12(2)	1,678	952
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(12)(23)	( 51 )	2,660
Interest expenses		921	( 2,544 )
Interest income		2,169	156
Dividend income	6(22)	( 134 )	( 732 )
Share-based payment - remuneration	6(17)	( 6,218 )	( 1,623 )
Share of gain from subsidiaries and associated companies accounted using the equity method	6(6)	11,046	4,466
Loss on lease amendment	6(8)(23)	( 50,302 )	( 48,967 )
Unrealized gains/losses among affiliates		5	-
Change in assets/liabilities related to operating activities		3,770	984
Net change in assets related to operating activities			
Financial assets mandatory to be carried at fair value through profit or loss		-	153
Notes receivable		49	( 49 )
Accounts receivable		( 38,796 )	39,675
Accounts receivable - related parties		( 59,433 )	( 16,729 )
Other receivables		( 1,647 )	4,579
Inventory		( 87,307 )	( 815 )
Prepayments		( 1,127 )	( 2,875 )
Other current assets		( 234 )	1,105
Net change in liabilities related to operating activities			
Financial liabilities held for trading		( 55 )	( 1,211 )
Contractual liabilities		11,011	17,062
Accounts payable		29,918	4,313
Accounts payable - related parties		3,288	( 47,226 )
Other payables		( 542 )	( 296 )
Other payables - related parties		( 1,245 )	844
Liability reserves		( 343 )	( 2,493 )
Other current liabilities		1,816	218
Cash (outflow) inflow from operating activities		( 22,310 )	172,151
Interests received		134	732
Dividends received		45,889	30,756
Interests paid		( 2,118 )	( 156 )
Income tax paid		( 40,853 )	( 15,459 )
Net cash (outflow) inflow from operating activities		( 19,258 )	188,024
<u>Cash flow from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		( 3,623 )	( 179 )
Disposal of financial assets at fair value through profit or loss		-	3,865
Decrease in restricted assets (presented as other current assets)		-	45
Acquisition of financial assets at fair value through other comprehensive income		( 30,000 )	-
Acquisition of equity-accounted investments		( 20,138 )	( 27,951 )
Acquisition of property, plant, and equipment	6(28)	( 294,412 )	( 11,075 )
Acquisition of intangible assets		( 1,133 )	( 5,533 )
Decrease (increase) in guarantee deposits paid		12,406	( 12,500 )
Net cash outflow from investing activities		( 336,900 )	( 53,328 )
<u>Cash flow from financing activities</u>			
Increase in short-term loans	6(29)	105,000	-
Borrowing of long-term loan	6(29)	172,000	-
Repayment of long-term loan	6(29)	( 6,213 )	-
Repayment of lease principal	6(29)	( 5,054 )	( 10,714 )
Increase in guarantee deposits received		1,148	-
Cash dividends paid	6(20)	( 123,796 )	( 132,049 )

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  
For the periods January 1 to December 31, 2021 and 2020

Unit: NT\$ thousand

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
Distribution of cash from capital reserves	6(19)	( 27,510 )	-
Net cash inflow (outflow) from financing activities		115,575	( 142,763 )
Decrease in cash and cash equivalents for the current period		( 240,583 )	( 8,067 )
Opening cash and cash equivalents balance	6(1)	295,565	303,632
Closing cash and cash equivalents balance	6(1)	\$ 54,982	\$ 295,565

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.  
Notes to Standalone Financial Statements  
For 2021 and 2020

Unit: NT\$ thousand  
(unless specified otherwise)

1. Corporate 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 50% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Company's ultimate parent.

2. Financial statement approval date and procedures

This standalone financial report was passed during the board of directors meeting dated February 24, 2022.

3. Application of new standards, amendments and interpretations

(1) 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 the 2021 financial year:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 4 regarding "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (phase 2) regarding "Interest Rate Benchmark Reform"	January 1, 2021
Amendments to IFRS 16 regarding "Covid-19-Related Rent Concessions after June 30, 2021"	April 1, 2021 (Note)

Note: FSC has given its permission to bring forward the adoption to January 1, 2021.

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

(2)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 2022 financial year:

<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.

(3)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
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, 2023
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.

#### 4. 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.

##### (1) Statement of compliance

The standalone financial statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

##### (2) 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 use of critical accounting estimates, and the management is required to exercise some 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.

##### (3) 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.

## (4) 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 cannot 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.

(5)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.

(6)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.

(7)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 cannot 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.

(8)Accounts and notes receivable

1. Refers to accounts and notes 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 and notes receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

(9)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.

(10)Removal of financial assets

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

(11)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.

(12)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 refers to the remainder of the estimated selling price after deducting variable selling expenses over the normal operating cycle and estimated costs to completion.

(13)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.

(14)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 using the cost method, with depreciation recognized over the estimated useful life using the straight-line method. 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).

(15) 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.

(16)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.

(17)Intangible assets

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

(18)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.

(19)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.

(20)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.

(21)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.

(22)Removal of financial liabilities

Financial liabilities are removed from the balance sheet upon fulfillment, cancellation, or

expiry of contractual obligation.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27)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.

(28)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.

(29)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.

(30)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.

5. 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:

(1) Significant judgments adopted for accounting policies

None.

(2) 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, 2021 totaled \$239,372.

6. Notes to major accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	\$ 245	\$ 296
Check and current deposit	54,737	255,269
Time deposit	-	40,000
	<u>\$ 54,982</u>	<u>\$ 295,565</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.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 9,873	\$ 6,250
Valuation adjustment	<u>252</u>	<u>(738)</u>
	<u>\$ 10,125</u>	<u>\$ 5,512</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	<u>6,406</u>	<u>8,261</u>
	<u>\$ 36,406</u>	<u>\$ 38,261</u>

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

	<u>2021</u>	<u>2020</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	(\$ 865)	\$ 3,856
Derivatives	<u>-</u>	<u>(100)</u>
	<u>(\$ 865)</u>	<u>\$ 3,756</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).

(3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ -	\$ 49
Accounts receivable	\$ 98,292	\$ 59,496
Less: loss provisions	( 4,334)	( 4,385)
	<u>\$ 93,958</u>	<u>\$ 55,111</u>

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Current	\$ 194,109	\$ -	\$ 105,055	\$ 49
Overdue within 30 days	11,090	-	1,208	-
Overdue 31 - 60 days	1,793	-	3,863	-
Overdue 91 - 120 days	-	-	285	-
Overdue more than 121 days	<u>5,401</u>	<u>-</u>	<u>3,753</u>	<u>-</u>
	<u>\$ 212,393</u>	<u>\$ -</u>	<u>\$ 114,164</u>	<u>\$ 49</u>

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

2. Balances of accounts and notes receivable (including related parties) as at December 31, 2021 and 2020, 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, 2020 were \$137,110 and \$1,725, respectively.
3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Company's notes receivable as at December 31, 2021 and 2020, amounted to \$0 and \$49, respectively; maximum credit risk exposure associated with the Company's accounts receivable (including related parties) as at December 31, 2021 and 2020, amounted to \$208,059 and \$109,779, respectively.
4. The Company held no collateral on accounts and notes receivable (including related parties).
5. For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).



(4) Inventory

	December 31, 2021		
	Cost	Allowance for obsolescence and devaluation loss	Book value
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>

	December 31, 2020		
	Cost	Allowance for obsolescence and devaluation loss	Book value
Raw materials	\$ 85,367	(\$ 7,388)	\$ 77,979
Work-in-progress	26,696	( 181)	26,515
Semi-finished goods	45,592	( 7,809)	37,783
Finished goods	11,447	( 1,659)	9,788
	<u>\$ 169,102</u>	<u>(\$ 17,037)</u>	<u>\$ 152,065</u>

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

	2021	2020
Cost of inventory sold	\$ 647,996	\$ 629,251
Service and warranty cost	11,280	7,837
Obsolescence and devaluation loss	10,936	13,108
Loss on stock-take	106	-
	<u>\$ 670,318</u>	<u>\$ 650,196</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current portion:		
Equity instrument		
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 69,334	\$ 39,334
Valuation adjustment	<u>(36,953)</u>	<u>(36,953)</u>
	<u>\$ 32,381</u>	<u>\$ 2,381</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 \$32,381 and \$2,381 as at December 31, 2021 and 2020.
2. The amounts of fair value changes recognized through comprehensive income for financial assets at fair value through other comprehensive income were both \$0 in 2021 and 2020.
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).

(6) Equity-accounted investments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries:		
ONXY HEALTHCARE USA, INC. (OHU)	\$ 94,100	\$ 95,464
ONYX HEALTHCARE EUROPE B.V.(ONI)	11,672	14,803
Onyx Healthcare (Shanghai) Inc. (OCI)	7,508	4,622
iHELPER Inc. (iHELPER)	7,557	8,445
Associated companies:		
Winmate Inc. (Winmate)	<u>561,275</u>	<u>537,102</u>
	<u>\$ 682,112</u>	<u>\$ 660,436</u>

1. Subsidiaries

- (1) For information relating to the Company's subsidiaries, please refer to Note 4(3) of the 2021 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 \$50,301 in 2021 and \$48,967 in 2020.

2. Associated companies

- (1) Profile of significant associated companies:

Name of associated company	December 31, 2021		December 31, 2020	
	Shareholding %	Amount presented	Shareholding %	Amount presented
Winmate (Note)	13.85%	<u>\$561,275</u>	13.60%	<u>\$537,102</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

	Winmate	
	December 31, 2021	December 31, 2020
Current assets	\$ 2,320,961	\$ 1,713,003
Non-current assets	1,208,922	1,052,240
Current liabilities	( 740,940)	( 550,772)
Non-current liabilities	( 501,456)	( 12,362)
Total net assets	<u>\$ 2,287,487</u>	<u>\$ 2,202,109</u>
As a percentage of net assets across associated companies	\$ 318,919	\$ 299,487
Goodwill	<u>242,356</u>	<u>237,615</u>
Book value of associated company	<u>\$ 561,275</u>	<u>\$ 537,102</u>

Statement of comprehensive income

	Winmate	
	2021	2020
Income	<u>\$ 2,501,627</u>	<u>\$ 1,845,525</u>
Current net income	\$ 364,706	\$ 256,062
Other comprehensive income (net, after-tax)	<u>( 6,582)</u>	<u>( 9,669)</u>
Total comprehensive income for the current period	<u>\$ 358,124</u>	<u>\$ 246,393</u>
Dividends received from associated companies	<u>\$ 39,671</u>	<u>\$ 29,133</u>

(3) Fair value of significantly associated companies that are openly quoted:

	December 31, 2021	December 31, 2020
Winmate	<u>\$ 787,214</u>	<u>\$ 739,360</u>

(7) Property, plant and equipment

2021

	Land	Buildings	Machinery	Office equipment	Lease improvements	Other equipment	Construction in progress and equipment pending inspection	Total
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>

2020

	<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	\$ 13,336	\$ 2,483	\$ 12,406	\$ 63,622	\$ 1,660	\$ 93,507
Accumulated depreciation	(10,580)	(1,826)	(9,653)	(51,846)	-	(73,905)
	<u>\$ 2,756</u>	<u>\$ 657</u>	<u>\$ 2,753</u>	<u>\$ 11,776</u>	<u>\$ 1,660</u>	<u>\$ 19,602</u>
January 1	\$ 2,756	\$ 657	\$ 2,753	\$ 11,776	\$ 1,660	\$ 19,602
Addition	1,328	-	1,763	384	5,737	9,212
Transfer	2,716	-	-	576	(3,292)	-
Depreciation	(1,710)	(268)	(2,580)	(6,684)	-	(11,242)
December 31	<u>\$ 5,090</u>	<u>\$ 389</u>	<u>\$ 1,936</u>	<u>\$ 6,052</u>	<u>\$ 4,105</u>	<u>\$ 17,572</u>
December 31						
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>\$ 5,090</u>	<u>\$ 389</u>	<u>\$ 1,936</u>	<u>\$ 6,052</u>	<u>\$ 4,105</u>	<u>\$ 17,572</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>
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. None of the Company's property, plant, and equipment was placed as collateral.

(8) 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 cannot 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, 2021</u>	<u>December 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 35,898	\$ 2,216
Office equipment	2,101	1,977
	<u>\$ 37,999</u>	<u>\$ 4,193</u>

	<u>2021</u>	<u>2020</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 4,447	\$ 10,291
Office equipment	441	361
	<u>\$ 4,888</u>	<u>\$ 10,652</u>

4. Amounts of right-of-use assets added in 2021 and 2020 were \$39,202 and \$5,365, respectively.

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

<u>Current income/expense accounts affected</u>	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	\$ 643	\$ 156
Expenses on short-term lease agreements	7,703	2,788
Loss on lease amendment	5	-

6. Amounts of cash outflow incurred on leases totaled \$13,400 in 2021 and \$13,658 in 2020.

(9) Leases - as a lessor

1. The Company leases out its land and buildings. The current lease tenor is from September 2021 to August 2024. Lease contracts are negotiated individually and involve 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 \$2,301 of rental income from operating lease agreements in 2021; this amount included no variable lease payment.
3. Maturity analysis for lease payments collectible on operating leases:

	<u>December 31, 2021</u>
2022	\$ 6,897
2023	6,897
2024	<u>4,598</u>
	<u>\$ 18,392</u>

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



(10) Investment property

	2021		
	<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) on March 26, 2021, and the ownership transfer was completed in May 2021. The Company previously presented the asset under property, plant, and equipment due to its initial intention to occupy the property; however, relocation and construction activities were disrupted due to COVID-19 control measures. It was inconvenient to have customers certify the plant relocation on-site during this time. 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.

2. Rent income and direct expenses associated with investment property:

	2021
Rent income from investment property	<u>\$ 2,301</u>
Direct expenses incurred in relation to current rent income generated from investment property	<u>\$ 541</u>

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.

(11) 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, 2020.

2. \$513 of interest expenses were recognized in profit or loss in 2021.

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

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

	<u>2021</u>	<u>2020</u>
Financial liabilities held for trading		
Derivatives	<u>(\$ 56)</u>	<u>(\$ 1,212)</u>

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Employee and director remuneration payable	\$ 21,552	\$ 24,522
Salaries payable	21,351	20,899
Equipment purchase payable	1,726	245
Other payables	<u>11,343</u>	<u>9,315</u>
	<u>\$ 55,972</u>	<u>\$ 54,981</u>

(14) 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, 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				( 10,744)
				<u>\$ 155,043</u>

None as at December 31, 2020.

(15) 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 \$4,888 in 2021 and \$4,618 in 2020.

(16) Liability reserves

	<u>2021</u>	<u>2020</u>
	<u>Warranty</u>	<u>Warranty</u>
January 1	\$ 8,614	\$ 11,107
Increase of liability reserves in the current period	6,318	6,244
Liability reserves used and reversed in the current period	( 6,661)	( 8,737)
December 31	<u>\$ 8,271</u>	<u>\$ 8,614</u>

Analysis of liability reserves:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 6,272</u>	<u>\$ 6,672</u>
Non-current	<u>\$ 1,999</u>	<u>\$ 1,942</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.

(17) Share-based payment

1. The Company had the following share-based payment arrangements in 2021 and 2020:

<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	2020.08.06	1,000	5 years	2-4 years of service

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

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

	<u>2021</u>		<u>2020</u>	
	<u>Quantity of warrants (thousands)</u>	<u>Weighted average exercise price (NTD)</u>	<u>Quantity of warrants (thousands)</u>	<u>Weighted average exercise price (NTD)</u>
Opening balance (January 1) of outstanding warrants	1,000	\$ 139.50	-	\$ -
Warrants granted in the current period	-	-	1,000	139.50
Closing balance (December 31) of outstanding warrants	1,000	121.50	1,000	139.50
Closing balance (December 31) of exercisable warrants	-	-	-	-

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

			<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	2020.08.06	2025.08.06	1,000	\$ 121.50

			<u>December 31, 2020</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	2020.08.06	2025.08.06	1,000	\$ 139.50

4. The Company uses the Black-Scholes options pricing model to estimate the fair value of warrants allocated for share-based payment. Information on relevant parameters is presented below:

Type of agreement	Grant date	Share price	Exercise price expectations (NTD)	Volatility	Expected duration	Risk-free rate	Fair value per unit (NTD)
Employee warrant program	2020.08.06	\$139.50	\$ 139.50	32.26%	3.88 years	0.29%	\$ 35.39

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

	<u>2021</u>	<u>2020</u>
Equity settlement	\$ 11,046	\$ 4,466

(18) Share capital

1. A resolution was passed during the shareholder meeting held in May 2020 to capitalize \$55,020 of earnings and issue 5,502,000 new shares. Registration for the above capital increase was completed in August 2020.
2. 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 2,751,000 new shares. Registration for the above capital increase was completed in September 2021.
3. The Company had \$500,000 of authorized capital (including 6,000,000 shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$302,612 of paid-up capital issued in 30,261,000 shares at a face value of NT\$10 per share as at December 31, 2021.

Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) in 2021 and 2020 is explained below:

	<u>2021</u>	<u>2020</u>
January 1	27,510	22,008
Stock dividends	2,751	5,502
December 31	<u>30,261</u>	<u>27,510</u>

4. 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. 1,000,000 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.
5. The board of directors passed a resolution to issue 3,000,000 common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the authority on January 13, 2022. For the above cash issue, the board of directors made a resolution on January 25, 2022 to set the issuance price at NT\$88 per share. Registration for the change of capital had yet to be completed as at February 24, 2022.

(19) 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>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)
Share-based payment	-	11,617	11,617
December 31	<u>\$ 446,346</u>	<u>\$ 16,327</u>	<u>\$ 462,673</u>

	<u>2020</u>		
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Total</u>
January 1	\$ 473,856	\$ -	\$ 473,856
Share-based payment	-	4,710	4,710
December 31	<u>\$ 473,856</u>	<u>\$ 4,710</u>	<u>\$ 478,566</u>

## (20) 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 following allocations of 2020 and 2019 earnings were resolved during the shareholder meetings held on May 22, 2021 (after accumulating the required number of electronic votes) and May 22, 2020, respectively:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserves	\$ 16,707		\$ 23,938	
Special reserves	4,730		40,263	
Cash dividends	123,796	\$ 4.5	132,049	\$ 6.0
Stock dividends	<u>27,510</u>	1.0	<u>55,020</u>	2.5
	<u>\$ 172,743</u>		<u>\$ 251,270</u>	

Furthermore, 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 dividend per share.

Appropriation of 2020 earnings was resolved during the shareholder meeting held on July 2, 2021

As explained above, the appropriation of 2020 and 2019 earnings were indifferent from the proposals raised by the board of directors.

(21) Operating revenues

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>\$ 935,272</u>	<u>\$ 966,340</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>2021</u>	<u>Medical computers</u> <u>Taiwan</u>	<u>Services and</u> <u>warranty</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>

<u>2020</u>	<u>Medical computers</u> <u>Taiwan</u>	<u>Services and</u> <u>warranty</u> <u>Taiwan</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 937,502</u>	<u>\$ 28,838</u>	<u>\$ 966,340</u>
Timing of revenue recognition			
Revenues recognized at a specific time	\$ 937,502	\$ 13,633	\$ 951,135
Revenues recognized progressively over time	<u>-</u>	<u>15,205</u>	<u>15,205</u>
	<u>\$ 937,502</u>	<u>\$ 28,838</u>	<u>\$ 966,340</u>



## 2. Contractual liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contractual liabilities - current:			
Service and sales contract	\$ 64,568	\$ 40,482	\$ 13,225
Warranty contract	10,862	13,339	15,130
Contractual liabilities - non-current:			
Service and sales contract	26,024	31,995	34,454
Warranty contract	16,072	20,699	26,644
	<u>\$ 117,526</u>	<u>\$ 106,515</u>	<u>\$ 89,453</u>

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

	<u>2021</u>	<u>2020</u>
Amount in opening contractual liabilities recognized as current income		
Service and sales contract	\$ 23,557	\$ 6,763
Warranty contract	13,339	15,130
	<u>\$ 36,896</u>	<u>\$ 21,893</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, 2021 and 2020, which had allocated prices of \$117,526 and \$106,515, respectively. The management expects to recognize \$75,430 and \$53,821 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2021 and 2020, 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.

(22) Other income

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 6,218	\$ 1,623
Rental income	2,301	-
Other income	1,246	2,802
	<u>\$ 9,765</u>	<u>\$ 4,425</u>

(23) Other gains and losses

	<u>2021</u>		<u>2020</u>
Government subsidies income	\$	10,579	\$ 6,551
Loss on currency exchange	(	5,979)	( 10,910)
(Loss) gain on financial assets or liabilities at fair value through profit or loss	(	921)	2,544
Depreciation of investment property	(	541)	-
Loss on lease amendment	(	5)	-
	<u>\$</u>	<u>3,133</u>	<u>(\$ 1,815)</u>

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

	<u>2021</u>		<u>2020</u>
Employee benefit expenses	\$	144,712	\$ 133,372
Depreciation on property, plant, and equipment		13,174	11,242
Depreciation on right-of-use assets		4,888	10,652
Amortization		1,678	952
	<u>\$</u>	<u>164,452</u>	<u>\$ 156,218</u>

(25) Employee benefit expenses

	<u>2021</u>		<u>2020</u>
Salary expenses	\$	129,134	\$ 119,334
Labor/health insurance premium		9,341	8,257
Pension expense		4,888	4,618
Other personnel expenses		1,349	1,163
	<u>\$</u>	<u>144,712</u>	<u>\$ 133,372</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 \$11,329 and \$15,000, and director remuneration at \$2,400 and \$2,400, for 2021 and 2020, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2021 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 \$11,329 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2020 employee remuneration and director remuneration at \$15,000 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2020 financial report and were paid in cash. Payment of the above amounts had yet to be completed as at February 24, 2022.

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 118 employees in 2021 and 114 employees in 2020; the number of directors without a concurrent role as an employee was 5 in both years.

(26) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax on current profit	\$ 17,441	\$ 28,137
Additional tax on unappropriated earnings	-	949
Overestimation of income tax expenses in previous years	( 1,817)	( 287)
Total current income tax	15,624	28,799
Deferred income tax:		
Occurrence and reversal of temporary difference	( 2,325)	2,776
Income tax expense	<u>\$ 13,299</u>	<u>\$ 31,575</u>

(2) Income tax on other comprehensive income:

	<u>2021</u>	<u>2020</u>
Translation differences from foreign operations	(\$ 992)	(\$ 881)

2. Relationship between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Income tax derived by applying the statutory tax rate to pre-tax profit	\$ 28,170	\$ 39,730
Tax-exempt income under tax law	( 13,054)	( 8,817)
Overestimation of income tax expenses in previous years	( 1,817)	( 287)
Additional tax on unappropriated earnings	-	949
	<u>\$ 13,299</u>	<u>\$ 31,575</u>

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

	<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	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>

	<u>2020</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	\$ 2,221	(\$ 498)	\$ -	\$ 1,723
Allowance for inventory devaluation	2,687	720	-	3,407
Unrealized gross profit	1,853	196	-	2,049
Unrealized loss on exchange	747	( 569)	-	178
Translation differences from foreign operations	1,025	-	881	1,906
Others	<u>2,951</u>	<u>( 1,598)</u>	<u>-</u>	<u>1,353</u>
	<u>11,484</u>	<u>( 1,749)</u>	<u>881</u>	<u>10,616</u>
- Deferred income tax liabilities:				
Gain on foreign investments	-	( 1,078)	-	( 1,078)
Others	<u>( 51)</u>	<u>51</u>	<u>-</u>	<u>-</u>
	<u>( 51)</u>	<u>( 1,027)</u>	<u>-</u>	<u>( 1,078)</u>
	<u>\$ 11,433</u>	<u>(\$ 2,776)</u>	<u>\$ 881</u>	<u>\$ 9,538</u>

4. The Company's profit-seeking enterprise business income tax returns have been certified by the tax authority up to 2019.

(27)EPS

	<u>2021</u>		
	<u>Amount after tax</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>Earnings per share (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>
	<u>2020</u>		
	<u>Amount after tax</u>	<u>Retrospective adjustment to outstanding shares (thousand shares)(Note)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Current net income	<u>\$ 167,075</u>	<u>30,261</u>	<u>\$ 5.52</u>
<u>Diluted earnings per share</u>			
Current net income	\$ 167,075	30,261	
Dilutive effect of potential ordinary shares - employee remuneration	<u>-</u>	<u>170</u>	
Current net income plus effect of potential common shares	<u>\$ 167,075</u>	<u>30,431</u>	<u>\$ 5.49</u>

Employee warrants issued by the Company had an anti-dilutive effect in 2021 and 2020, and were therefore excluded from the calculation of earnings per share.

Note: The outstanding shares mentioned above have been adjusted retrospectively for the capitalization of unappropriated earnings in 2020.

(28) Supplementary cash flow information

Investing activities involving partial cash outlay:

	<u>2021</u>		<u>2020</u>
Purchase of property, plant, and equipment	\$ 295,893		\$ 9,212
Plus: equipment proceeds payable at the beginning of the period	245		2,108
Less: Equipment proceeds payable at the end of the period	(1,726)		(245)
Cash paid during the current period	<u>\$ 294,412</u>		<u>\$ 11,075</u>

(29) Change of liabilities relating to financing activities

	<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>
	<u>2020</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ -	\$ 9,550	\$ 9,550
Repayment of lease principal	-	-	(10,714)	(10,714)
Other changes without cash effect	-	-	5,365	5,365
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,201</u>	<u>\$ 4,201</u>

7. Related party transactions

(1) Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 50% 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.

(2)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.	Affiliated subsidiary - with the common ultimate parent
ONYX HEALTHCARE USA,INC.	The Company's subsidiary
ONYX HEALTHCARE EUROPE B.V.	The Company's subsidiary
Onyx Healthcare (Shanghai) Inc.	The Company's subsidiary
iHELPER Inc.	The Company's subsidiary
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.	Other related party - investee accounted by the Company's parent using the equity method
WT Microelectronics Co., Ltd. (Note)	Other related party - investee accounted by the Company's affiliated subsidiary using the equity method
NuVision Technology, Inc. (Note)	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Morrihan International Corp. (Note)	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everhighlight Technology Corp.	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
MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in 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

Note: WT Microelectronics Co., Ltd. and its subsidiaries became related parties of the Company on April 21, 2020.



(3) Major transactions with related parties

1. Operating revenues

	<u>2021</u>		<u>2020</u>
Sales of goods:			
Ultimate parent company	\$	-	\$ 106
Parent company		6,048	116
Affiliated subsidiary of the same group		4,444	14,370
Subsidiary			
ONYX HEALTHCARE USA, INC.		277,974	286,739
Others		39,085	25,230
Associated company		4	1
Other related parties		<u>2,506</u>	<u>-</u>
	<u>\$</u>	<u>330,061</u>	<u>\$ 326,562</u>

Selling prices of transactions with related parties were determined between the Company and the related counterparties, 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>2021</u>		<u>2020</u>
Purchase of merchandise:			
Parent company			
AAEON Technology Inc.	\$	71,265	\$ 74,302
Subsidiary		486	74
Associated company		2,623	2,290
Other related parties		<u>17,628</u>	<u>12,272</u>
	<u>\$</u>	<u>92,002</u>	<u>\$ 88,938</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>2021</u>		<u>2020</u>
Parent company	\$	4,043	\$ 4,154
Affiliated subsidiary of the same group		15	36
Subsidiary		27,618	27,797
Associated company		1,376	351
Other related parties		<u>2,211</u>	<u>4,316</u>
	<u>\$</u>	<u>35,263</u>	<u>\$ 36,654</u>

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

### 4. Rental income (presented as other income)

	<u>2021</u>		<u>2020</u>
Parent company			
AAEON Technology Inc.	<u>\$</u>	<u>2,301</u>	<u>\$ -</u>

### 5. Related party receivables

	<u>December 31, 2021</u>		<u>December 31, 2020</u>
Accounts receivable:			
Ultimate parent company	\$	-	\$ 111
Parent company		2,093	22
Affiliated subsidiary of the same group		447	513
Subsidiary			
ONYX HEALTHCARE USA, INC.		99,253	52,484
Others		12,175	1,538
Other related parties		<u>133</u>	<u>-</u>
	<u>\$</u>	<u>114,101</u>	<u>\$ 54,668</u>
Other receivables:			
Subsidiary	<u>\$</u>	<u>11</u>	<u>\$ 17</u>

## 6. Related party payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Parent company	\$ 6,260	\$ 2,726
Associated company	22	-
Other related parties	941	1,209
	<u>\$ 7,223</u>	<u>\$ 3,935</u>
Other payables:		
Parent company	\$ 152	\$ 280
Subsidiary	2,201	3,321
Other related parties	3	-
	<u>\$ 2,356</u>	<u>\$ 3,601</u>

## 7. Loans to external parties

Loans to related parties  
Interest income:

	<u>2021</u>	<u>2020</u>
Subsidiary		
Onyx Healthcare (Shanghai) Inc.	<u>\$ -</u>	<u>\$ 92</u>

Loans granted to subsidiaries are repayable within one year after disbursement. Interests were collected at 5.76% per annum in 2020.

## 8. Guarantee deposits received

	<u>2021</u>	<u>2020</u>
Parent company		
AAEON Technology Inc.	<u>\$ 1,148</u>	<u>\$ -</u>

Represents rental deposit.

## (4) Compensation for key management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 16,525	\$ 16,107
Retirement benefits	470	455
	<u>\$ 16,995</u>	<u>\$ 16,562</u>

8. 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, 2021</u>	<u>December 31, 2020</u>	
Time deposit (presented as other current assets)	\$ 830	\$ 854	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non-current assets)	\$ 1,992	\$ 14,398	Rental deposit for office and warehouse space, and deposit for special projects
Land (presented as investment property)	\$ 229,660	\$ -	Long-term loans
Buildings (presented as investment property)	\$ 47,985	\$ -	Long-term loans

9. Major contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Losses from major disasters

None.

11. Major post-balance sheet date events

See Note 6(18)5 for details on the cash issue resolved by the board of directors during the meeting held on December 17, 2021.

12. Others

(1) 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.

(2) Financial instruments

1. Types of financial instrument

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatory to be carried at	\$ 46,531	\$ 43,773

fair value through profit or loss		
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 32,381	\$ 2,381
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 54,982	\$ 295,565
Notes receivable	-	49
Accounts receivable	93,958	55,111
Accounts receivable - related parties	114,101	54,668
Other receivables (including related parties)	4,211	2,564
Other financial assets (presented as other current assets)	830	854
Guarantee deposits paid (presented as other current and non-current assets)	1,992	14,398
	<u>\$ 270,074</u>	<u>\$ 423,209</u>

#### Financial liabilities

Financial liabilities carried at cost after amortization		
Short-term loans	\$ 105,000	\$ -
Accounts payable	86,685	56,767
Accounts payable - related parties	7,223	3,935
Other payables	55,972	54,981
Other payables - related parties	2,356	3,601
Long-term loans (including those due within one year)	165,787	-
Guarantee deposits received	1,148	-
	<u>\$ 424,171</u>	<u>\$ 119,284</u>
Lease liabilities	<u>\$ 37,845</u>	<u>\$ 4,201</u>

## 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, 2021</u>		Book value	
	<u>Foreign currency</u>		<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>			
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,453		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>				
<u>Monetary items</u>				
USD:NTD	1,239		27.68	34,296

	<u>December 31, 2020</u>			Book value
(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(thousand dollars)</u>		<u>Exchange rate</u>	<u>(NTD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 6,921		28.48	\$ 197,110
<u>Non-monetary items</u>				
USD:NTD	3,352		28.48	95,464
RMB:NTD	1,056		4.38	4,622
EUR:NTD	423		35.02	14,803
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	790		28.48	22,499

- E. Total loss on exchange (realized and unrealized) recognized by the Company for monetary items susceptible to significant exchange rate fluctuation in 2021 and 2020 amounted to \$5,979 and \$10,910, respectively.
- F. The following is an analysis of risk exposures to various foreign currencies and impacts of significant exchange rate fluctuations:

	<u>2021</u>		
	<u>Sensitivity analysis</u>		
(Foreign currency: functional currency)	<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>			
<u>Monetary items</u>			
USD:NTD	1%	343	-

		<u>2020</u>		
		<u>Sensitivity analysis</u>		
		<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	1,971	\$ -
<u>Non-monetary items</u>				
USD:NTD	1%		-	955
RMB:NTD	1%		-	46
EUR:NTD	1%		-	148
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		225	-

#### Price risk

- A. Equity instruments held by the Company that is 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 \$465 and \$438 in 2021 and 2020, 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 \$324 and \$24, 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 2021 were denominated in NTD.
- B. A 1% rise/fall in the borrowing interest rate would reduce/increase net income by \$2,166 in 2021, assuming that all other factors remain unchanged. These changes are mainly attributed to changes in interest expense on loans borrowed at the floating rate.

#### (2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the 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 90 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 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, 2021 and 2020.
- 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, 2021 and 2020, the Company had outstanding accounts receivable of \$88,801 and \$52,263 and had made bad debt provisions of \$199 and \$105, 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 notes and accounts receivable from customers under normal credit conditions. Provision matrix as at December 31, 2021 and 2020, is as follows:

	Current	Overdue within 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue 91 - 120 days	Overdue more than 121 days	Total
<u>December 31,</u>							
<u>2021</u>							
Expected loss given default	0~2%	6%	21%	43%	50%	100%	
Total book value	\$ 118,166	\$ 928	\$ 575	\$ -	\$ -	\$ 3,923	\$ 123,592
Loss provision	\$ 69	\$ 50	\$ 93	\$ -	\$ -	\$ 3,923	\$ 4,135

	<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, 2020</u>							
Expected loss given default	0~2%	6%	23%	47%	50%	100%	
Total book value	<u>\$ 56,098</u>	<u>\$ 111</u>	<u>\$ 1,748</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 3,708</u>	<u>\$ 61,950</u>
Loss provision	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ 3,708</u>	<u>\$ 4,280</u>

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

	<u>2021</u>	<u>2020</u>
January 1	\$ 4,385	\$ 1,725
(Reversal) provision of impairment loss	<u>( 51)</u>	<u>2,660</u>
December 31	<u>\$ 4,334</u>	<u>\$ 4,385</u>

Losses provided (reversed) in 2021 and 2020 included \$(51) and \$2,660 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 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, 2021 and 2020, the Company had undrawn credit limits of \$59,000 and \$86,800, 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, 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	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

December 31, 2020				
<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	\$ 56,767	\$ -	\$ -	\$ -
Accounts payable - related parties	3,935	-	-	-
Other payables	54,981	-	-	-
Other payables - related parties	3,601	-	-	-
Lease liabilities	2,960	417	903	-

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

(3) 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 cannot be observed for an asset or liability. Investments in equity instruments without an active market are valued using this input.

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

3. Financial instruments not measured at fair value

Accounts including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, 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, liability, nature, characteristics, risks, and levels of fair value input:

(1) The Company's assets and liabilities by nature:

December 31, 2021	<u>Level 1 input</u>	<u>Level 2 input</u>	<u>Level 3 input</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	<u>-</u>	<u>-</u>	<u>32,381</u>	<u>32,381</u>
	<u>\$ 10,125</u>	<u>\$ -</u>	<u>\$ 68,787</u>	<u>\$ 78,912</u>

December 31, 2020	<u>Level 1 input</u>	<u>Level 2 input</u>	<u>Level 3 input</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 5,512	\$ -	\$ 38,261	\$ 43,773
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>2,381</u>	<u>2,381</u>
	<u>\$ 5,512</u>	<u>\$ -</u>	<u>\$ 40,642</u>	<u>\$ 46,154</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 2021 or 2020.

6. Changes in level 3 input in 2021 and 2020 are explained below:

	<u>2021</u>	<u>2020</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
January 1	\$ 40,642	\$ 36,250
Additions in the current period	30,000	-
Recognized through profit or loss (Note)	<u>(1,855)</u>	<u>4,392</u>
December 31	<u>\$ 68,787</u>	<u>\$ 40,642</u>

Note: Presented as other gains and losses.

7. There had been no transfer to or from level 3 input in 2021 or 2020.

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 at</u> <u>December 31,</u> <u>2021</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>and</u> <u>unobservable</u> <u>input</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>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

	<u>Fair value as at</u> <u>December 31,</u> <u>2020</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>and</u> <u>unobservable</u> <u>input</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>and fair value</u>
Equity instrument:					
Non-listed shares	\$ 2,381	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	38,261	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, 2021</u>	
			<u>Recognized in other</u>	
			<u>comprehensive income</u>	<u>Adverse</u>
	<u>Input</u>	<u>Variation</u>	<u>Favorable variation</u>	<u>variation</u>
Financial assets				
Equity instrument	Weighted average funding cost	±0.5%	<u>\$ 1,750</u>	<u>(\$ 1,600)</u>

(4) Other matters

Delivery of some sales orders was postponed due to COVID-19, and as a result, operating revenues decreased in 2021 compared to the previous year. The Company has adjusted its procurement and materials sourcing strategies based on the current state of sales orders and materials supply to ensure prompt shipment.

13. Other disclosures

(1) Information related to significant transactions

Significant transactions undertaken by the Company in 2021, 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: Please refer to Attachment 2.
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 3.
8. Related party accounts receivable amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 4.
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 5.

- (2) Information on business investments  
Names, locations, and information on investees (excluding Mainland investees): Please see Attachment 6.
- (3) Information relating to investments in the Mainland
  - 1. Profile: Please see Attachment 7.
  - 2. Significant transactions with Mainland investees, whether directly invested or indirectly invested through a third location: None.
- (4) Information on major shareholders  
Information on major shareholders: Please see Attachment 8.

14. Segment information

Not applicable.



ONYX Healthcare Inc.  
Cash and cash equivalents  
December 31, 2021

Account set 1

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Petty cash		\$ 245	
Demand deposit - NTD		21,458	
	USD 909,378.41; exchange rate:		
USD	27.68	25,172	
	EUR 258,841.92; exchange rate:		
EUR	31.32	8,107	
		<u>\$ 54,982</u>	

ONYX Healthcare Inc.  
Net accounts receivable  
December 31, 2021

Account set 2

Unit: NT\$ thousand

Customer name	Summary	Amount	Remarks
Customer A		\$ 20,973	
Customer B		18,143	
Customer C		11,593	
Customer D		9,256	
Customer E		7,097	
Customer F		7,048	
Others		24,182	No single customer represented more than 5% of this account balance
		98,292	
Less: loss provisions		( 4,334)	
		<u>\$ 93,958</u>	

ONYX Healthcare Inc.  
Inventory  
December 31, 2021

Account set 3

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u> <u>Cost</u>	<u>Net realizable</u> <u>value</u>	<u>Remarks</u>
Raw materials		\$ 139,530	\$ 126,645	Measured at replacement cost or original cost
Work-in-progress		37,966	37,314	Measured at net realizable value
Semi-finished goods		76,354	66,989	Measured at net realizable value
Finished goods		<u>10,638</u>	<u>11,333</u>	Measured at net realizable value
		264,488	<u>\$ 242,281</u>	
Less: Allowance for obsolescence and devaluation loss		<u>( 25,116)</u>		
		<u>\$ 239,372</u>		

ONYX Healthcare Inc.  
Change in equity-accounted investments  
January 1 to December 31, 2021

Account set 4

Unit: NT\$ thousand

Name	Opening balance		Current period increase		Current period decrease		Closing balance			Market price or net equity			Collateralized or pledged	Remarks
	Shares	Book value	Shares	Amount (Note 1)	Shares	Amount (Note 2)	Shares	Proportion	Amount	Unit price (\$)	Total price			
OHU	200,000	\$ 95,464	-	\$ 604	-	(\$ 1,968)	200,000	100%	\$ 94,100	\$ -	\$ -	None		
ONI	100,000	14,803	-	4,215	-	( 7,346)	100,000	100%	11,672	-	-	None		
OCI	-	4,622	-	5,556	-	( 2,670)	-	100%	7,508	-	-	None		
iHelper	1,656,000	8,445	-	-	-	( 888)	1,656,000	46%	7,557	-	-	None		
Winmate	9,845,000	<u>537,102</u>	196,000	<u>64,777</u>	-	<u>( 40,604)</u>	10,041,000	14%	<u>561,275</u>	78.4	787,214	None		
		<u>\$ 660,436</u>		<u>\$ 75,152</u>		<u>(\$ 53,476)</u>			<u>\$ 682,112</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.  
Short-term loans  
December 31, 2021

Account set 5

Unit: NT\$ thousand

Lender	Summary	Closing balance	Contract duration	Interest rate range	Financing limit	Collateral or security
Mega International Commercial Bank	Unsecured loan	\$ 65,000	November 24, 2021 to May 23, 2022	1.10%	\$ 65,000	None
Taishin International Bank	Unsecured loan	40,000	December 22, 2021 to January 21, 2022	1.08%	50,000	None
		<u>\$ 105,000</u>				

ONYX Healthcare Inc.  
Accounts payable  
December 31, 2021

Account set 6

Unit: NT\$ thousand

Name of supplier	Summary	Amount	Remarks
Supplier A		\$ 8,166	
Supplier B		6,902	
Supplier C		6,731	
Supplier D		4,553	
Supplier E		4,408	
			No single supplier represented more than 5% of this account balance
Others		55,925	
		<u>\$ 86,685</u>	

ONYX Healthcare Inc.  
Long-term loans  
December 31, 2021

Account set 7

Unit: NT\$ thousand

Lender	Summary	Amount borrowed	Contract duration	Interest rate	Collateral or security
Mega International Commercial Bank	Secured borrowings	\$ 165,787	May 28, 2021 to May 28, 2036	1.00%	Land and buildings
	Less: current portion of ( long-term loan	10,744)			
		<u>\$ 155,043</u>			

ONYX Healthcare Inc.  
Operating revenues  
January 1 to December 31, 2021

Account set 8

Unit: NT\$ thousand

Item	Quantity (pieces)	Amount	Remarks
Sales revenue			
- Medical computers	41,352	\$ 819,313	
- Others	107,077	101,248	
		920,561	
Less: sales return		( 10,789)	
Sales discount		( 424)	
Net sales revenue		909,348	
Service income		25,924	
		<u>\$ 935,272</u>	



ONYX Healthcare Inc.  
Operating costs  
January 1 to December 31, 2021

Account set 9

Unit: NT\$ thousand

Item	Amount
Opening raw materials	\$ 85,367
Plus: Raw materials purchased in the current period	377,098
Less: Closing raw materials	( 139,530)
Sale of raw materials	( 13,960)
Loss on stock-take of raw materials	( 48)
Raw materials used and reclassified to expenses	( 2,488)
Director raw materials	306,439
Direct labor	10,833
Manufacturing overhead	59,635
Manufacturing cost	376,907
Opening balance of work-in-progress and semi-finished goods	72,288
Plus: Semi-finished goods purchased	226,198
Reclassification from finished goods	2,061
Less: Closing work-in-progress and semi-finished goods	( 114,320)
Sale of semi-finished goods	( 21,534)
Loss on stock-take of work-in-progress	( 15)
Reclassification of work-in-progress to expenses	( 5,114)
Cost of finished goods	536,471
Opening balance of finished goods	11,447
Plus: Finished goods purchased	77,925
Less: Closing balance of finished goods	( 10,638)
Reclassification to semi-finished goods	( 2,061)
Loss on stock-take of finished goods	( 43)
Reclassification of finished goods to expenses	( 599)
Production/selling cost	612,502
Cost of raw materials and semi-finished goods sold	35,494
Cost of inventory sold	647,996
Inventory obsolescence and devaluation loss	10,936
Loss on stock-take	106
Service cost	3,600
Warranty cost	7,680
Operating costs	<u>\$ 670,318</u>

ONYX Healthcare Inc.  
Manufacturing overhead  
January 1 to December 31, 2021

Account set 10

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 29,679	
Depreciation	12,590	
Insurance premium	3,939	
Sundry purchases	3,399	
Other manufacturing overhead	10,028	No single item represented more than 5% of this account balance
	<u>\$ 59,635</u>	

ONYX Healthcare Inc.  
Selling expenses  
January 1 to December 31, 2021

Account set 11

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Service charges		\$ 27,734	
Salary expenses		23,534	
Advertising expenses		3,279	
Other expenses		6,561	No single item represented more than 5% of this account balance
		<u>\$ 61,108</u>	

ONYX Healthcare Inc.  
Administrative expenses  
January 1 to December 31, 2021

Account set 12

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Salary expenses		\$ 27,825	
Professional service expenses		3,354	
Insurance premium		3,228	
Other expenses		9,108	No single item represented more than 5% of this account balance
		<u>\$ 43,515</u>	

ONYX Healthcare Inc.  
R&D expenses  
January 1 to December 31, 2021

Account set 13

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Salary expenses		\$ 37,263	
R&D budget		18,294	
Testing expenses		7,469	
Other expenses		13,900	No single item represented more than 5% of this account balance
		<u>\$ 76,926</u>	

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function  
January 1 to December 31, 2021

Account set 14

Unit: NT\$ thousand

<u>Item</u>	<u>2021</u>			<u>2020</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	\$ 40,512	\$ 84,548	\$ 125,060	\$ 37,086	\$ 79,848	\$ 116,934
Labor/ health insurance premium	3,557	5,784	9,341	3,090	5,167	8,257
Pension expense	1,714	3,174	4,888	1,560	3,058	4,618
Directors' compensation	-	4,074	4,074	-	2,400	2,400
Other employee benefit expenses	606	743	1,349	495	668	1,163
	<u>\$ 46,389</u>	<u>\$ 98,323</u>	<u>\$ 144,712</u>	<u>\$ 42,231</u>	<u>\$ 91,141</u>	<u>\$ 133,372</u>
Depreciation	<u>\$ 12,590</u>	<u>\$ 5,472</u>	<u>\$ 18,062</u>	<u>\$ 20,311</u>	<u>\$ 1,583</u>	<u>\$ 21,894</u>
Amortization	<u>\$ -</u>	<u>\$ 1,678</u>	<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 952</u>	<u>\$ 952</u>

1. Total employee count was 118 in 2021 and 114 in 2020; 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 \$1,245 for 2021 and \$1,202 for 2020.
  - (2) Average employee salary expense was reported at \$1,107 for 2021 and \$1,073 for 2020.
  - (3) Change in average employee salary expenses was calculated at 3.17%.
  - (4) The Company has assembled an Audit Committee. Therefore, no compensation was recognized for supervisors in 2021 and 2020.

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function (continued)  
January 1 to December 31, 2021

Account set 14

Unit: NT\$ thousand

3. The Company's salary and compensation policy is as follows:

- (1) 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.
- (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, 2021

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)	Shareholding 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	\$ 5,222	0.04%	\$ 5,222	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	169,658	4,903	0.17%	4,903	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	36,406	13.04%	36,406	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	2,500,000	30,000	6.30%	30,000	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.

Acquisition of real estate amounting to NT\$300 million or 20% of paid-up capital or above

January 1 to December 31, 2021

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Acquiring entity of real estate property</u>	<u>Property name</u>	<u>Date of occurrence (Note 3)</u>	<u>Transaction amount (tax-inclusive)</u>	<u>Payment of consideration (tax-inclusive)</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Information of previous transfer, if the counterparty is a related party</u>				<u>Pricing reference</u>	<u>Purpose of acquisition and usage</u>	<u>Other terms and conditions</u>
							<u>Owner</u>	<u>Relationship with the issuer</u>	<u>Date of transfer</u>	<u>Amount</u>			
ONYX Healthcare Inc.	Land and building	March 26, 2021	\$ 280,077	\$ 280,077	Moxa Inc.	Non-related	-	-	-	-	Valuation report and price negotiation	Property was acquired to be self-occupied for business-related purposes, but is currently leased to an external party	-

Note 1: If prevailing regulations require a valuation on the acquired asset, state the valuation outcome in the "Pricing reference and basis" field.

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.

Note 3: Date of occurrence refers to the earliest signing date, payment date, deal date, date of ownership transfer, board of directors' resolution date, or any other dates when the transaction counterparty and the amount can be verified with certainty.

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, 2021

Attachment 3

Unit: NT\$ thousand  
(unless specified otherwise)

Name of buyer (seller)	Name of counterparty	Relationship	Purchase (sale)	Transaction summary		Loan tenor	Distinctive terms of trade and reasons (Note 1)		Notes and accounts receivable (payable)		Remarks (Note 2)
				Amount	As a percentage to total purchases		Unit price	Loan tenor	Balance	As a percentage of total notes and accounts receivable (payable)	
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sale)	(\$ 277,974)	(29.72%)	90 days after month-end	\$ -	-	\$ 99,253	47.70%	None
ONYX Healthcare Inc.	AAEON Technology Inc.	Parent company	Purchase	71,265	10.46%	30 days after month-end	-	-	( 6,260)	(6.67%)	
ONYX HEALTHCARE USA, INC.	AAEON Technology Inc.	Parent company	Purchase	120,907	28.74%	60 days after month-end	-	-	( 25,449)	(19.96%)	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, 2021

Attachment 4

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	\$ 99,253	3.66	\$ -	-	\$ 36,417	\$ -

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, 2021

Attachment 5

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Serial No.</u>	<u>Transaction summary</u>			<u>As a percentage of consolidated revenues or total assets</u>			
	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the transacting party</u>	<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	<u>(Note 3)</u>
<u>(Note 1)</u>			<u>(Note 2)</u>				
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.1		Sales	\$ 277,974	90 days after month-end	23.13%
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.1		Accounts receivable	9925300.00%	90 days after month-end	5.83%

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-sub subsidiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-sub subsidiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

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

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

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

ONYX Healthcare Inc.

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

January 1 to December 31, 2021

Attachment 6

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	\$ 55,360	\$ 56,960	200,000	100	\$ 94,100	(\$ 631)	(\$ 631)	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support and maintenance of medical computers and peripherals	3,132	3,502	100,000	100	11,672	4,215	4,215	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,557	( 1,930)	( 888)	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	552,783	538,199	10,041,000	14	561,275	365,311	50,193	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 in 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 in 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, 2021 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, 2021

Attachment 7

Unit: NT\$ thousand  
(unless specified otherwise)

Name of Mainland investee	Main business activities	Paid-up capital	Method of investment (Note 1)	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
				Opening cumulative balance of investment capital invested from Taiwan	Invested	Recovered							
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 60,896	1	\$ 55,360	\$ 5,536	\$ -	\$ 60,896	(\$ 2,588)	100(\$ 2,588)	\$ 7,508	\$ -	None	

Closing cumulative balance of investment capital transferred from Taiwan into Mainland      Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland

Company name	China	Economic Affairs	China
ONYX Healthcare Inc.	\$ 60,896	\$ 60,896	\$ 620,860

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, 2021 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, 2021

Attachment 8

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding</u>	<u>Shareholding percentage (%)</u>
AAEON Technology Inc.	15,132,074		50.00
Chuang, Yung-Shun	2,361,878		7.80
ASUSTeK Computer Inc.	1,694,112		5.59

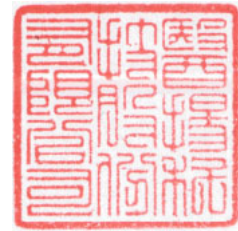
Note 1: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for aggregate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

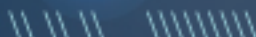
Onyx Healthcare Inc.



Chairman Chuang, Yung-Shun







## Headquarters

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### Asia & China

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