Stock Code:6569

Onyx Healthcare Inc.
Annual report 2019

Annual Report Website
Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw/

Website: http://www.onyx-healthcare.com/

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

I.SPOKESPERSON & DEPUTY SPOKESPERSON

Spokesperson：Wang, Feng-Hsiang
Title：Presdient
Tel：(886)2 28919-2188
E-mail：speaker@onyx-healthcare.com
Deputy Spokesperson：Yang, Hsiang-Chih
Title： Head of Accounting
Tel：(886)2 8919-2188
E-mail：speaker@onyx-healthcare.com

II. HEADQUARTERS AND PLANTS

Address of the head office：2F, No.135, Lane 235, Baoqiao Rd. Xindian Dist., New Taipei City, Taiwan, ROC.
Tel：(886)2 8919-2188
Address of plants：2F,2F-1,2F-2,2F-3 No.135, 2F,2F-1,2F-2,2F-3 No.133, 2F-2 No.131, Lane 235, Baoqiao Rd. Xindian Dist., New Taipei City, Taiwan, ROC.
Tel：(886)2 8919-2188

III. STOCK AFFAIR AGENT

Name： Taishin International Bank, Department of Stock Affair Agent
Address：B1, No.96, Sec. 1, Jianguo N. Rd., Taipei City, Taiwan
Website：https://www.taishinbank.com.tw/
Tel：(886)2 2504-8125

IV. AUDITORS

Name of CPA：CPA Chang, Shu-Chiung and CPA Lin, Chun – Yao
CPA Firm：PricewaterhouseCoopers, Taiwan
Address：27F., No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110 Tel：(886) 2 2729-6666
E-mail：http://www.pwc.com

V. EXCHANGEABLE BOND EXCHANGE MARKETPLACE：None.

VI. COMPANY WEBSITE

http://www.onyx-healthcare.com/

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ONE Letter to Shareholders

Ladies and gentlemen:

We would like to first express our sincere gratitude to our shareholders for supporting Onyx Healthcare. Please refer to the following for a summary report of the Company's operational results in 2019 and prospects for the coming year.

I. 2019 business results

(I) Results of the 2019 business plan

The Company generated NT$1,482,944 (thousand) of consolidated revenue in 2019, up 4.09% from 2018. Gross profit amounted to NT$542,644 (thousand) up 16.80% from 2018, while net income totaled NT$235,529 (thousand) representing a 23.06% growth over the previous year. The Company was able to grow revenue and profit in 2019 mainly due to the shift of focus toward medical computers, and for taking the initiative to integrate technologies from upstream and downstream participants for the development of high value-adding products.

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

1. Budget execution

Despite volatile economy and intensive market competition, the Company was able to deliver strong growth in both revenues and profits and accomplish business targets in 2019 due to the contribution of its employees.

2. Revenues, expenses, and profitability analysis

Unit: NTD thousands

Item		Year	2019 Consolidated	2018 Consolidated	% increase (%)
Profit and loss	Operating revenues		$1,482,944	$1,424,672	4.09
	Gross profit		542,644	464,582	16.8
	Net income		235,529	191,395	23.06
Profitability analysis	Return on assets (%)		18.31	16.42	11.51
	Return on shareholders' equity (%)		24.23	21.33	13.6
	As a percentage of paid-up capital (%)	Operating profit	107.52	90.79	18.43
		Pre-tax profit	131.73	113.91	15.64
	Net profit margin (%)		15.88	13.43	18.24
	Basic earnings per share (NTD)		10.88	8.86	22.8
	Diluted earnings per share (NTD)		10.82	8.81	22.81

(III) Research and development

1. Research and development expenses in the last 2 years

Unit: NTD thusands; %

Item / Year	2019	2018
R&D expense	68,973	66,154
Net operating revenues	1,482,944	1,424,672
As a percentage of net revenues	4.65	4.64

2. R&D progress in the last year

The Company's R&D efforts cover both hardware and software. It integrates resources throughout the group and cooperates with the academia to develop new knowledge, products as well as medical applications. In terms of hardware development, the Company works with major medical equipment suppliers to explore new and customized designs for medical computers. As for software development, the Company offers smart power diagnosis/management and AIoT solutions, and is currently involved in the research of AI-enabled medical imaging, smart energy management, drug management system, AI-driven edge computing, and nursing assistance system. Research outcomes are further developed into practical features that can be applied to future products. Through ongoing research and development, the Company is able to distinguish its products and gain competitive edge over peers to capture a larger market share. New products launched in 2019 included: surgical computers (ACCEL series) with AI processor and edge-computing capabilities, 2nd-generation medical tablet (MD-116i), version 3.5 smart medical power monitoring software (Orion), mobile medical assistance PC (Venus), medical display and medical control workstations (MedPC, Box PC)

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II. 2020 business plans and strategies

Growth of the global economy in the last year continued to be undermined by events such as elections in Germany, France and Netherlands, the China-USA trade war and the UK's Brexit from the EU. According to forecasts made by the IMF, IHS and EIU, growth of the global economy in 2020 should be comparable to 2019, but demand for medical supplies will remain strong due to rising healthcare needs and growth of emerging markets. The Company specializes in medical computing solutions; it plans production and sales ahead of time and develops technologies in line with digital transformation of the world's healthcare industry as well as market demands, and in doing so ensures sustainability and growth of future operations.

(I) Operational guidelines:

1.Enforce the Company's "people value, integrity, innovation and customer respect" philosophy.

2.Monitor and capitalize on market opportunities for revenue 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) Sales forecast and basis:

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 will be making pro-active investments in Asia Pacific this year in an attempt to venture into the Asian 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 2020, Onyx expects to continue building on top of its successful experience and duly execute strategies as planned to achieve growth for the coming year.

(III) Production and sales plans

1.High-end application of the Onyx brand

Promote smart surgery room solutions in Taiwan, Europe and USA under the proprietary brand - "Onyx." Explore needs of the medical industry; develop high-margin niche products and offer new solutions to medical institutions in Europe.

2.ODM service

Enhance the quality and volume of DMS delivered. Construct new automated production lines and explore relationship with medical equipment suppliers and ODM customers in Europe and USA for consistent, rapid growth.

3.Strengthen relationship with medical software developers and coordinate with partners in the Greater China region for the launch of smart medical solutions. Target medical centers and invest into precision medicine.

(II) Future strategies

1. Short-term strategies

(1)Expand mobile health applications on Android, and develop new products aimed toward portable applications.

(2)Develop local DMS capacity and strengthen relationship with local customers.

2. Medium-term strategies

(1)Assemble an innovative medical solutions team that specializes in exploring medical applications of AI technology, such as "Sensing," "Connected" and "Adapting," which can be promoted to hospitals local and abroad.

3. Long-term strategies

(1)Cooperate with large hospitals in Europe, USA and Asia to deliver remote care.

(2)Combine ICT and IOT to deliver medical service for patients outside medical institutions.

In 2020, the Company will continue adhere to its people focus and the philosophy of honesty, excellence, innovation and sustainability to create a smart healthcare environment of the modern era. Rest assured that our employees will give their full support to maximizing shareholders' interest. We look forward to a more prosperous and successful year in 2020.

Lastly, we thank and ask our shareholders for their continuous support, encouragement and guidance to the Company.

Onyx Healthcare Inc.
Chairman: Chuang, Yung-Shun
Presdient: Wang, Feng-Hsiang
Head of Accounting: Yang, Hsiang-Chih

TWO Company profile

I. Date of establishment: February 2, 2010

II. Corporate history

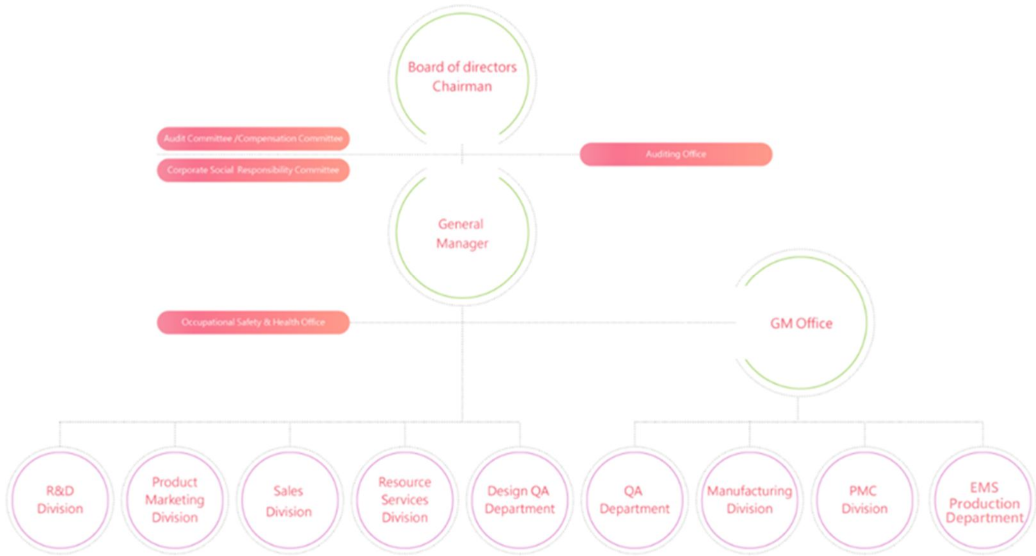
2010	● February:The Company was founded with a total capital of NT$30,000,000 and named ONYX Healthcare Inc. Its primary business activities were to provide reliable and high-quality medical computing solutions.
2011	● August: Passed certification for ISO 9001:2008 Quality Management System and ISO 13485: 2003 Medical devices - Quality management systems. ● November: Founded U.S. subsidiary ONYX HEALTHCARE USA, INC.
2012	● March: Completed a cash issue of NT$45,000,000 to support operations, which increased total capital to NT$75,000,000. ● April: Founded Dutch subsidiary ONYX HEALTHCARE EUROPE B.V.
2013	● 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 & ICT Innovation Award 2013. ● December: Capitalized NT$21,600,000 of earnings, which increased total capital to NT$96,600,000.
2014	● April: The Company's 7-inch rugged medical tablet (MD70-PRO) won the 22nd Taiwan Excellence Award. ● August: Capitalized NT$33,810,000 of earnings, which increased total capital to NT$130,410,000. ● September: Founded subsidiary Onyx Healthcare (Shanghai) Inc.
2015	● April: The Company's UPS-supported mobile medical platform (Venus-191) and medical computer display (ONYX-BE381) won the 23rd Taiwan Excellence Award. ● August: Capitalized NT$13,041,000 of earnings, which increased total capital to NT$143,451,000. ● December: Shares of the Company were publicly offered.
2016	● January: Registered on the Emerging Market board with Taipei Exchange (TPEx). ● February: Passed certification for ISO 14001: 2015 - Environmental management. ● August: Capitalized NT$14,345,000 of earnings, which increased total capital to NT$157,796,000.

	● October: Won the 25th National Award of Outstanding SMEs, 19th Rising Star Award and 23rd Taiwan SMEs Innovation Award. ● December: Shares were listed for trading on TPEx.
2017	● January: Completed a cash issue of NT$24,090,000, which increased total capital to NT$181,886,000. ● June: Won the 4th Taiwan Mittlestand Award. ● August: Ranked second in the 2017 Excellence in Corporate Social Responsibility - SME Division. Capitalized NT$18,189,000 of earnings, which increased total capital to NT$200,075,000. ● September: 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. ● October: Won 2017 TCSA (Taiwan Corporate Sustainability Awards). ● November: The Company's UPS-supported mobile medical platform (Venus) won the 14th National Innovation Award.
2018	● February: The Company's rugged emergency medical tablet, automated biomonitoring system and mobile medical UPS won the 26th Taiwan Excellence Award. ● August: Ranked third in the 2018 Excellence in Corporate Social Responsibility - SME Division. ● November: Won bronze award in 2018 Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award - IT & IC Manufacturing category.
2019	● 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. ● September: Ranked second in the 2019 Excellence in Corporate Social Responsibility - SME Division. Capitalized NT$20,007,000 of earnings, which increased total capital to NT$220,082,000.
2020	● February: The Company's expandable modularized fanless medical computer and 32-inch high resolution surgical image processing system won the 28th Taiwan Excellence Award.

THREE Corporate Governance Report

I. Organization

(I) Organizational structure of the Company



(II) Responsibilities of main departments

Department	Main duties
President's Office	1. Ensures corporate profitability; maintains and sustains operations. 2. Devises guidelines, annual strategies and goals for each business segment. 3. Supervises project execution and examines results. 4. Coordinates resource allocation within the Company. 5. Proposes collaborative projects with external parties, and maintains relationship and corporate image with the outside world.
Audit Office	1. Establishment and management of the Company's internal control system and audit system. 2. Executes audit tasks. 3. Correction and tracking of internal control defects and misconducts. 4. Reporting of audit outcome. 5. Ensures that internal control and management systems are effectively executed within the Company.
Occupational Safety & Health Office	1. Establishment of occupational hazard plan and emergency response plan, and to supervise implementation across departments. 2. Plans and supervises implementation and audit of the worker safety and health audit in all departments. 3. Plans and supervises count and inspection of safety and health facilities. 4. Plans and supervises personnel in conducting regular/focused inspections, hazard identification and operating environment testing. 5. Plans and implements worker safety and health training. 6. Arranges health checkup for workers and implements health management. 7. Supervises workers in the investigation, handling and statistical analysis of occupational hazards such as illness, injury, disability and death. 8. Implements safety and health performance assessment and offers consultation on worker safety and health. 9. Provides information and suggestions relating to worker safety and health management.

Department	Main duties
	10. Other matters relating to worker safety and health management.
Product R&D Division	1. Review and confirmation of product research, development and design. 2. Determines engineering specifications. 3. Review and maintenance of research, development and engineering documents. 4. Execution of development projects and objectives. 5. Provides technical support for mass production at production departments.
Marketing Division	1. New market and new customer development, and product promotion, introduction and sale. 2. Planning, editing, design, maintenance and update of company website. 3. Plans and executes exhibitions. 4. Preparation and distribution of corporate materials, publications, promotional documents and press release. 5. Forecast and review of project development costs and expenses. 6. Assists production and quality assurance departments in problem solution.
Sales Division	1. Determination and execution of business targets. 2. Survey and expansion of local and foreign markets. 3. Accomplishment of sales targets, maintenance of customer relations and provision of service to customers.
Resource & Service Division	1. Responsible for maintenance, control and management of internal information systems. 2. Supervises personnel, administrative and general affairs. 3. Handles communication for board of directors meetings, annual general meetings and important meetings. 4. Routine bookkeeping and financial statement preparation. 5. Tax and compliance matters. 6. Exchange rate and interest rate risk management. 7. Management of working capital and liquidity. 8. Budget preparation, planning and review.
Design Quality Assurance Department	1. Management and execution of product function tests and quality assurance.
Quality Assurance Department	1. Input material test, procedure control and shipment test. 2. Assists production department in problem solution. 3. Supplier quality management and resolution of quality defects. 4. Adoption and implementation of quality approach and system. 5. Assists customers in after-sale service and complaint resolution.
Manufacturing Division	1. Management and planning for production departments. 2. Planning and execution of production capacity. 3. Management of expenses and purchases of the production department. 4. Mass production planning and procedure research.
Materials Division	1. Management, control and review of production requirements. 2. Production delivery schedule control. 3. Warehouse planning and management, and management and review of raw material practices. 4. Control and reporting of obsolete materials. 5. Management and review of procurement practices. 6. Review of procurement price negotiations and control of procurement cost. 7. Supervises supplier management and evaluation. 8. Coordination, counseling and tracking of quality systems between the production department, suppliers and business partners.
Customized Production Department	1. Planning and management of production schedule for customized products. 2. Planning and execution of production capacity for customized products. 3. Management of expenses and purchases of the customized production department. 4. Mass production planning and procedure research for customized products.

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

March 24, 2020; unit: shares; %

Position	Nationality or place of registration	Name	Gender	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%	148,305	0.67%	—	—	—	—	—	—	None	None	None	None
	Republic of China	Representative: Chuang, Yung-Shun	Male				—	—	1,717,730	7.80%	—	—	—	—	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	2013.06.28	10,004,678	50.00%	11,005,145	50.00%	—	—	—	—			None	None	None	None
	Republic of China	Representative: Wang, Feng-Hsiang	Male				—	—	767,486	3.49%	—	—	—	—	MBA, City University of New York ONYX Healthcare - Vice President AAEON Technology - 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	2019.05.29	10,004,678	50.00%	11,005,145	50.00%	—	—	—	—			None	None	None	None
	Republic of China	Representative: Lin, Chien-Hung	Male				—	—	9,317	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	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	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	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	2019.05.29	3 years	2016.02.23	—	—	—	—	—	—	—	—	Ph.D. in Accounting, National Taiwan University Accountant of higher examination Ming Chuan University - Associate Professor of Accounting		None	None	None	None
Independent Director	Republic of China	Lee, San-Liang	Male	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 - Chairman, 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 (Shanghai) Inc. - Chairman & corporate representative, Chang Yang Incorporation - 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, Inno-fund I - Director & corporate representative, Asensetek Incorporation - Director & corporate representative, Tai Ke Da Chuang Sin Co., Ltd. - Director, CHC Healthcare Group - Director & corporate representative, Sunengine Corporation Ltd. - Director & corporate representative, New Future Capital Director & corporate representative, iBase Technology Inc. - Director & corporate representative.

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: Biochemical Technology Education Foundation - Director, H&Q Taiwan Co., Ltd. - Director & corporate representative, H&Q Biotech Management Consultant Co., Ltd. - Chairman, Environmental Quality Protection Foundation - Director, DERMEI Int. Co., Ltd. - Chairman, Digivideo International Co., Ltd. - Chairman, 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 24, 2020

Name of corporate shareholder	Major shareholders of corporate shareholders
Jui Hai Investment Co., Ltd.	Fu Li Investment Co., Ltd. (49.57%), Huang, Hui-Mei (23.87%), Chuang, Fu-Chieh (7.56%), Chuang,Fu-Chun (7.35%), Chuang, Yung-Shun (4.29%), Chang, Li-Ming (3.26%), Li, Ming-Hsien (3.26%), Yang, Huan-Chen (0.84%)
AAEON Technology Inc.	ASUSTeK Computer Inc. (29.47%) iBase Technology Inc. (28.08%) Chuang, Yung-Shun (13.24%) Hua Cheng Venture Capital Corp. (5.63%) Hua-Min Investment Co., Ltd. (5.63%) Jui Hai Investment Co., Ltd. (3.04%) Huang Yumin (2.85%) Zhuang Wusong (0.82%) Li Yingzhen (0.75%) Zhuang Xiuili (0.63%)

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

3. Major shareholders of major corporate shareholders

March 24, 2020

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%) Citibank (Taiwan) in its capacity as Master Custodian for Depository Receipts of ASUSTeK (3.32%) Cathay United Bank in its capacity as Master Custodian for Investment Account of Professional Alliance Company (2.76%) Bank of Taiwan in its Capacity as Master Custodian for International Value Equity Trust Account of Hill-Chester International Investors (2.56%) Labor Insurance Fund (1.72%) New Labor Pension Fund (1.61%) JP Morgan Chase Bank in its Capacity as Master Custodian for Investment Account of PGIA Progress International ETF (1.49%) JPMorgan Chase Bank Taipei Branch in its Capacity as Master Custodian for Vanguard ETF (1.49%) Citibank in Its Capacity as Master Custodian for Investment Account of the Central Bank of Norway (1.41%)

	Citibank in Its Capacity as Master Custodian for Investment Account of RBS FS Global Emerging Markets (1.40%)
iBase Technology Inc.	AAEON Technology Inc. (30.5399%) Chun Bao Investment Co., Ltd. (1.555%) Lin, Chiu-Shi (0.8529%) Deutsche Bank AG Taipei Branch in its Capacity as Master Custodian for SPDR(R) Portfolio S&P 500 Emerging Markets ETF (0.8242%) Winmate Inc. (0.8137%) Chen Yang, Mei-Ling Special Trust Property Account (0.7502%) Chen, Shih-Hsiung (0.7386%) Lin, Ray-Qin Special Trust Property Account (0.6925%) Chen, You-Nan (0.6013%) Lai, Hsueh-Huang Special Trust Property Account (0.5771%)
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 2018 annual report of ASUSTeK Computer Inc. the Department of Commerce, Ministry of Economic Affairs, and iBase Technology Inc.

4. Directors' expertise and independence

March 24, 2020

Criteria / Name	Having more than 5 years work experience and the following qualifications			Compliance of independence (Note)												Number of positions as independent director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Chuang, Yung-Shun			V				V		V			V	V	V	V	1
Wang, Feng-Hsiang			V				V	V	V		V	V	V	V	V	None
Lin, Chien-Hung			V		V	V	V		V			V	V	V	V	None
Lee, Tsu-Der			V	V		V	V	V	V	V	V	V	V	V	V	2
Chiang, Po-Wen			V	V	V	V	V	V	V	V	V	V	V	V	V	None
Tai, Yi-Hui	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	None
Lee, San-Liang	V		V	V	V	V	V	V	V	V	V	V	V	V	V	1

Note: A "✓" is placed in the box if the director or supervisor met the following conditions at any time during active duty and two years prior to the date elected.

(1) Not employed by the Company or by any of its affiliated companies.

(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).

(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.

(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).

(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. (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 local laws).

(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).

(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. (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).

(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).

(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&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of The Company Act.

(12) Not elected as a government or corporate representative according to Article 27 of the Company Act.

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

March 24, 2020; 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	1,717,730	7.80%	—	—	—	—	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	767,486	3.49%	—	—	—	—	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	—	0.00%	—	—	—	—	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	70.221	0.32%	—	—	—	—	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	23,500	0.11%	—	—	—	—	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	5,896	0.03%	—	—	—	—	Postgraduate Institute of Finance, National Taiwan University Litemax Electronics - Head of Accounting	None	None	None	None	None

Note 1: AAEON Electronics Inc. - Director, AEON TECHNOLOGY (Europe) B.V. - Director, AEON TECHNOLOGY GMBH - Director, AEON TECHNOLOGY SINGAPORE PTE. LTD. - Director, AAEON Technology Inc. Chairman & corporate representative, AAEON Technology (Suzhou) Inc. Chairman & corporate representative, AAEON Investment Co., Ltd. Chairman & corporate representative, Yan Sin Investment Co., Ltd. - Chairman, AAEON Foundation - Chairman, 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 (Shanghai) Inc. - Chairman & corporate representative, Chang Yang Incorporation - 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, Inno-fund I - Director & corporate representative, Asensetek Incorporation - Director & corporate representative, Tai Ke Da Chuang Sin Co., Ltd. - Director, CHC Healthcare Group - Director & corporate representative, Sunengine Corporation Ltd. - Director & corporate representative, New Future Capital Director & corporate representative, iBase Technology Inc. - Director & corporate representative.

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)

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		Compensation from invested businesses other than subsidiaries
		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	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Director	Jui Hai Investment Co., Ltd.	—	—	—	—	2,400	2,400	24	24	1.01%	1.01%	8,073	8,073	200	200	2,100	—		—	5.35%	5.35%	14,096
Director	AAEON Technology Inc.																					
Representative of corporate director	Chuang, Yung-Shun																					
Representative of corporate director	Wang, Feng-Hsiang																					
Representative of corporate director	Hsu, Chin-Lung (Note 3)																					
Representative of corporate director	Lin, Chien-Hung																					
Director	Lee, Tsu-Der																					
Independent Director	Chiang, Po-Wen	1,440	1,440	—	—	—	—	176	176	0.68%	0.68%	—	—	—	—	—	—	—	—	0.68%	0.68%	—
Independent Director	Tai, Yi-Hui																					
Independent Director	Lee, San-Liang																					

Note 1: Net income attributable to parent company shareholders in 2019 amounted to NT$239,377,000.
Note 2: 2019 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.
Note 3: The director had discontinued service following the election held during shareholder meeting dated May 29, 2019.

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
Below NT$ 1,000,000	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Chuang, Yung-Shun, Wang, Feng-Hsiang, Hsu, Chin-Lung, 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, Hsu, Chin-Lung, 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, Hsu, Chin-Lung	Hsu, Chin-Lung
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	10	10	10	10

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

(III) Compensation to the President and vice presidents

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 (%)		Compensation from investments other than subsidiaries
		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	5,675	5,675	200	200	2,398	2,398	2,100	—	2,100	—	4.33%	4.33%	5,716
President	Wang, Feng-Hsiang													
COO	Hsu, Chin-Lung (Note 3)													

Note 1: Net income attributable to parent company shareholders in 2019 amounted to NT$239,377,000.
Note 2: 2019 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.
Note 3: Mr. Hsu, Chin-Lung's retirement was effected on November 7, 2019.

Compensation bracket table

President's and vice presidents' compensation brackets	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
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, Hsu, Chin-Lung	Hsu, Chin-Lung
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	3	3	3	3

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

March 24, 2020 Unit: NTD thousands

	Position	Name	Amount paid in shares (Note 2)	Amount paid in cash (Note 2)	Total	Total as a percentage of net income (%)
Managers	CEO	Chuang, Yung-Shun	—	3,980	3,980	1.66%
	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 2019 amounted to NT$239,377,000
Note 2: 2019 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	2018		2019	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total director compensation	4,076	4,076	4,040	4,040
Total director compensation as a percentage of net income	2.09%	2.09%	1.69%	1.69%
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	10,960	10,960	10,373	10,373
Total compensation to the President and vice presidents as a percentage of net income	5.62%	5.62%	4.33%	4.33%

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 2019 amounted to NT$239,377,000

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, directors' compensations 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. Director remuneration (profit-sharing) is calculated according to the Articles of Incorporation, which is capped at 3% of pre-tax profit before employee and director remuneration for the current year. However, profits must first be taken to offset cumulative losses if any. Director remuneration can only be paid in cash.

B. President and vice presidents

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; 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	Hsu, Chin-Lung	2	0	100%	Duties commenced following re-election held during the AGM on May 29, 2019; 2 meetings were held during active duty.
Director	Wang, Feng-Hsiang	6	0	100%	
Director	Lin, Chien-Hung	4	0	100%	Duties commenced following re-election held during the AGM on May 29, 2019; 4 meetings were held during active duty.
Director	Lee, Tsu-Der	4	2	67%	
Independent Director	Chiang, Po-Wen	5	1	83%	
Independent Director	Tai, Yi-Hui	5	1	83%	
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
26th meeting of the 3rd board dated February 18, 2019	1. Allocation of 2018 employee and director remuneration	None	None	Passed as proposed by all attending directors.
	2. Issuance of new shares against capitalized 2018 earnings.	None	None	Passed as proposed by all attending directors.
	3. Partial amendments to "Asset Acquisition and Disposal Procedures"	None	None	Passed as proposed by all attending directors.
	4. Removal of restrictions on competing business involvement for new directors and representatives	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.
	5. Change of financial statement auditor	None	None	Passed as proposed by all attending directors.
	6. 2019 performance bonus for non-sales employees	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.
	7. 2019 manager salary adjustment proposal	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.
27th meeting of the 3rd board dated April 23, 2019	1. Partial amendments to "External Party Lending Procedures" and "Guarantee and Endorsement Procedures"	None	None	Passed as proposed by all attending directors.
	2. Lending to subsidiary - Onyx Healthcare (Shanghai) Inc.	None	None	Passed as proposed by all attending directors.
2nd meeting of the 4th board dated August 7, 2019	1. Amendments to "Internal Control System" and Internal Audit System" of the Company and Subsidiary - OHU	None	None	Passed as proposed by all attending directors.
	2. Donation to AAEON Foundation	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	3. Allocation of 2018 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.
	4. Allocation of 2018 employee remuneration for managers	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors.
	5. Additional investments into subsidiary - Onyx Healthcare (Shanghai) Inc.	None	None	Passed as proposed by all attending directors.
4th meeting of the 4th board dated December 23, 2019	1. Distribution of 2019 managers' year-end bonus	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.

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

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

Date	Motion	Name of director	Reasons for avoiding conflict of interest	Participation in voting process
26th meeting of the 3rd board February 18, 2019	Removal of restrictions on competing business involvement for new directors and representatives	Chuang, Yung-Shun, Wang, Feng-Hsiang, Lee, Tsu-Der and Lee, San-Liang	Chuang, Yung-Shun, Wang, Feng-Hsiang, Lee, Tsu-Der and Lee, San-Liang held stake in the discussed motion	Directors Chuang, Yung-Shun, Wang, Feng-Hsiang, Lee, Tsu-Der and Lee, San-Liang had recused according to law and did not participate in the vote.
	2019 performance bonus for non-sales employees	Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung	Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung held stake in the discussed motion	Directors Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung had recused according to law and did not participate in the vote
	2019 manager salary adjustment proposal	Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung	Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung held stake in the discussed motion	Directors Chuang, Yung-Shun, Wang, Feng-Hsiang and Hsu, Chin-Lung had recused according to law and did not participate in the vote
2nd meeting of the 4th board August 7, 2019	Donation to AAEON Foundation	Chuang, Yung-Shun and Lee, Tsu-Der	Chuang, Yung-Shun and Lee, Tsu-Der held stake in the discussed motion	Directors Chuang, Yung-Shun and Lee, Tsu-Der had recused according to law and did not participate in the vote
	Allocation of 2018 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 2018 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
4th meeting of the 4th board December 23, 2019	Distribution of 2019 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	Performance for the period from January 1, 2019 to December 31, 2019 was assessed	Board of directors meeting	Members of the board	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.

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 regular 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 January 2020, 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 4 (A) Audit Committee meetings were held in the last year (2019); 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	3	1	75%	
Independent Director	Tai, Yi-Hui	4	0	100%	
Independent Director	Lee, San-Liang	4	0	100%	

Other mandatory disclosures:

I. Where operation of the audit committee exhibits any of the following, the minutes concerned shall clearly state the meeting date, term, the motions, audit committee's resolution and the Company's response to Audit Committee's opinions.

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

Audit Committee	Agenda and subsequent actions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors
17th meeting of the 3rd board February 18, 2019	1. 2018 year-end accounts	✓	
	2. 2018 Declaration of Internal Control System	✓	
	3. Removal of restrictions on competing business involvement for new directors and representatives	✓	
	4. Change of financial statement auditor	✓	

	5. Partial amendments to "Asset Acquisition and Disposal Procedures"	✓	
	6. Issuance of new shares against capitalized 2018 earnings	✓	
	Audit Committee resolution: passed by all attending members of the Audit Committee		
	Board's response to Audit Committees' opinions: passed by all attending directors		
18th meeting of the 3rd board April 23, 2019	1. Partial amendments to "External Party Lending Procedures" and "Guarantee and Endorsement Procedures"	✓	
	2. Lending to subsidiary - Onyx Healthcare (Shanghai) Inc.	✓	
	Audit Committee resolution: passed by all attending members of the Audit Committee		
	Board's response to Audit Committees' opinions: passed by all attending directors		
1st meeting of the 4th board August 7, 2019	1. Amendments to "Internal Control System" and Internal Audit System" of the Company and Subsidiary - OHU	✓	
	2. Donation to AAEON Foundation	✓	
	3. Additional investments into subsidiary - Onyx Healthcare (Shanghai) Inc.	✓	
	Audit Committee resolution: passed by all attending members of the Audit Committee		
	Board's response to Audit Committees' opinions: passed by all attending directors		
2nd meeting of the 4th board December 23, 2019	1. 2020 audit plan of the Company and subsidiaries	✓	
	Audit Committee resolution: passed by all attending members of the Audit Committee		
	Board's response to Audit Committees' opinions: passed by all attending directors		

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

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

III. Communication between independent directors and internal/external auditors

1. Independent directors are provided with regular audit reports, whereas the chief internal auditor is required to make reports on audit tasks during Audit Committee and board of directors meetings. Overall, both the progress and effectiveness of audit tasks are deemed to have been adequately communicated.
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 revised on 2December 20, 2016 and April 23, 2019. The code of conduct has been disclosed and made accessible to shareholders on Market Observation Post System (MOPS) and the corporate website.	No material deviation is found.
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(I) The company has appointed a spokesperson and an acting spokesperson to handle shareholders' suggestions and disputes. (II) The Company is constantly informed of the shareholding position of its directors, managers and major shareholders with more than 10% ownership interest, and reports this information to the authority in a timely manner. (III) All dealings between the Company and affiliated companies are carried out according to "Transaction Procedures for Affiliated Enterprises, Specific Companies and Related Parties." (IV) The Company has implemented "Insider Trading Prevention Policy" to prevent insider trading.	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. Assembly and obligations of the board of directors (I) Has the board devised and implemented policies to ensure diversity of its members?	✓		(I) 1. Board members are chosen from different areas of expertise to accommodate the Company's functional, operational and growth requirements. 2. The 4th board of directors includes one female; out of the 7 board members, four directors posses leadership, business administration, operational decision-making skills and industry knowledge (namely Chuang, Yung-Shun, Wang, Feng-Hsiang, Lin, Chien-Hung and Lee, Tsu-Der), whereas the three independent directors (namely Chiang, Po-Wen, Tai, Yi-Hui and Lee, San-Liang) are well-equipped with industry knowledge, risk management, accounting and financial analysis skills. 3. 29% of the board concurrently serves as employees; independent directors represent 43% whereas female directors represent 14% of board members. 1 independent director has served for 3~4 years whereas 2 independent directors have served for 4~5 years. 3 directors are in the 60~69 age range and 4 directors are below the age of 60. The Company values objectivity and independence of its board members, and has set goals to keep the number of directors with	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	
			concurrent managerial duties below one-third. The 4th board is deemed to have accomplished this goal. 4. The Company has devised policy to promote diversity of its board members and disclosed this policy on website and on MOPS.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?			(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.	
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, 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?			(III) The Company's Board of Directors Performance Evaluation Policy was passed during the board meeting held on December 20, 2016. Under this 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. 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;	

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. 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. The most recent internal assessment was completed at the end of January 2020, and the following outcome was reported during the board meeting held on February 24, 2020: Board of directors (including Audit Committee and Remuneration Committee) self assessment: Rated "Excellent" with an average score of 4.67 Board member (self or peer) assessment: Rated "Excellent" with an average score of 4.76 Overall rating of board members: A 2. External assessment:	

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?			In January 2019, the Company engaged the Taiwan Institute of Ethical Business and Forensics to conduct an external assessment of 2018 on board of directors' performance in particular regards to decision-making, professional capacity, control over internal operations and CSR. The assessment was carried out through a combination of questionnaire (including quantitative measurements and opinion survey) and on-site interview, which concluded an average score of 4.69. This outcome was reported to the board of directors on February 18, 2019 to serve as reference for further enhancements to board capacity. (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 on February 24, 2020 and to the board of directors on February 24, 2020. According to the assessment, CPA Chang, Shu-Chiung and CPA Lin, Chun-Yao of PwC Taiwan have met the Company's independence criteria (Note 2).	

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. Has the TWSE/TPEx listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		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 compliance, preparation of required materials, and convention of board/shareholder meetings. The following tasks were performed throughout 2019: 1. Notification, agenda and motion materials were prepared and distributed to directors 7 days before each meeting. 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. 3. Assisted board of directors and shareholders with meeting procedures, resolution and compliance issues: (1) Verify whether convention of board meeting and shareholder meeting are compliant with laws. (2) Check compliance and accuracy of announcements such as major board resolutions and material information, and thereby ensure information symmetry for investors.	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	
			4. Assisted directors and independent directors by providing them with the information needed to perform duties and made training arrangements: (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. (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 International Bank Co., Ltd. to perform share administration service.	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	
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)? (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?	✓		(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 accounting period, and publishes/files Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates.	No material deviation is found.
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)?	✓		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. 2. The Company maintains productive, long-term relationship with all of its suppliers.	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	
			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. 4. Directors' education: Directors' education in 2019 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. 5. The Company has assembled a risk response panel under the Audit Committee that is responsible for execution of risk management tasks. 6. The Company has purchased insurance policy to protect itself against directors' liability. The sum assured in 2019 totaled US$3 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 2020, 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 6th Corporate Governance Evaluation

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	

Question No.	Indicator	Improvement method
1.10	Does the Company upload an English version of the conference manual along with supplementary information at least 30 days before its annual general meeting?	An English version of the conference manual along with supplementary information will be prepared for the 2020 annual general meeting and uploaded at least 30 days in advance
3.5	Does the Company upload an English version of the annual financial report to MOPS at least 7 days before its annual general meeting? [Add 1 point to the total score for voluntary preparation.]	An English version of the annual financial report will be prepared for the 2020 annual general meeting and uploaded at least 7 days in advance

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	2019/1/15	Taiwan Association of TWSE/TPEx Listed Companies	Fundamental Spirit of Corporate Governance - Leaders' Management Philosophy	2
		2019/1/17	Taiwan Corporate Governance Association	Board of Directors Capacity (and Performance) Assessment	3
		2019/3/29	Governance Professionals Institute of Taiwan	2019 Corporate Governance Best Practice Conference	6
		2019/6/14	Taiwan Association of TWSE/TPEx Listed Companies	Future of Knowledge-based Economy from Culture and Technology	2
Director & President	Wang, Feng-Hsiang	2019/12/16	Securities and Futures Institute	Case Study on Financial Statement Fraud	3
		2019/12/16	Securities and Futures Institute	How Directors and Supervisors Should Supervise Risk Management, Crisis Management and Enhance Corporate Governance	3
Director	Lin, Chien-Hung	2019/7/30-2019/7/31	Securities and Futures Institute	Practical Workshop for Directors and Supervisors (Including Independent Directors) - Taipei Session	12
Director	Lee, Tsu-Der	2019/7/15	Securities and Futures Institute	Impacts of the China-USA Trade Dispute and Responses for Taiwanese Enterprises	3
		2019/11/19	Taiwan Stock Exchange Corporation	Seminar on Efficient Performance of Director Duties	3
Independent Director	Chiang, Po-Wen	2019/2/22	Corporate Governance Association in Taiwan	Conference on Sustainable Corporate Governance for Long-term Value	3
		2019/12/20	Corporate Governance Association in Taiwan	Digital Resilience in Practice - Directors', Supervisors' and Senior Managers' Response	3
		2019/12/24	Corporate Governance Association in Taiwan	Legal Risks and Crisis Management in Business Administration	3
Independent Director	Tai, Yi-Hui	2019/2/22	Corporate Governance Association in Taiwan	Conference on Sustainable Corporate Governance for Long-term Value	3

		2019/8/21	Taipei Exchange	TPEx and Emerging Stock Market Insider Shareholding Seminar	3
Independent Director	Lee, San-Liang	2019/7/31	Taipei Exchange	TPEx and Emerging Stock Market Insider Shareholding Seminar	3
		2019/8/1	Corporate Governance Association in Taiwan	Protection of Business Secrets and Prohibition Against Competing Business Involvements	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	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as Remuneration Committee member in other public companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chiang, Po-Wen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Tai, Yi-Hui	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Lee, San-Liang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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.

(1) Not employed by the Company or any of its affiliated companies.

(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).

(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.

(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).

(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. (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)

(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).

(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).

(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).

(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&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.

(10) Does not meet any of the conditions stated in Article 30 of The Company Act.

3. Functionality of the Remuneration Committee

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

(2)Term of service of the second committee started on March 8, 2016 and ended February 22, 2019; service of the current (3rd) committee commenced May 29, 2019 and ends on May 28, 2021. The Remuneration Committee held 3 meetings (A) in the last year. Attendance records of committee members are as follows:

Position	Name	No. of in-person attendance (B)	Proxy attendance	Percentage of in-person attendance (%) (B/A)(Note)	Remarks
Convener	Chiang, Po-Wen	2	1	67%	
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
11th meeting of the 2nd board February 18, 2019	1. 2019 performance (quarterly) bonus for non-sales employees	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	2. Allocation of 2018 employee remuneration	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	3. Allocation of 2018 director remuneration	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	4. 2019 manager salary adjustment	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
1st meeting of the 3rd board August 7, 2019	1. Allocation of 2018 director remuneration	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members

	2. Proposed allocation of 2018 employee remuneration for managers	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	3. 2019 employee warrant issuance and subscription policy	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
1st meeting of the 3rd board December 23, 2019	1. Distribution of 2019 managers' year-end bonus	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	2. Amendments to 2019 employee warrant issuance and subscription policy	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	3. Assessment indicators for board of directors performance	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)Fulfillment of social responsibilities

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. 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, recycle and reduce (the 3 R's) where possible in design, production and service activities in order to minimize and prevent pollution. 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	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	
			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.	
II. 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 2019, and current year's progress was reported to the board of directors on August 7, 2019. During the year, the Company donated a sum of NT$2 million to AAEON Foundation to sponsor charity activities: Discovery Tech Wonderland and Classical Music Mansion.	No material deviation is found
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?			(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	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	
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment? (III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues? (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?			regulations. (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. (III)The Company evaluates environmental impact during product design and production. Air conditioning equipment is regularly checked and serviced to maintain power efficiency. (IV)The Company continues to promote energy and carbon reduction as part of its corporate social responsibilities, given that energy/carbon reduction and environmental protection have emerged to become the two prominent trends in the world.	
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and	✓		(I) The Company complies with labor regulations and the UN's Universal Declaration of Human Rights, and has	No material deviation is

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
International Bill of Human Rights?			implemented internal management policies and procedures accordingly.	found
(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' compensations?			(II) The Company has implemented employee work rules, compensation and performance bonus policies in such a way that enables employees' salary to grow in line with the Company's operations. Employees are given additional credits for volunteer activities, so that performance evaluation can be more closely associated with social responsibilities.	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?			(III) The Company complies with Labor Standards Act and Occupational Safety and Health Act by organizing employee health checkup once a year at factory premise, and having physicians provide medical consultation on-site on a quarterly basis. Furthermore, the Company provides employees with a friendly, comfortable and safe office environment, and organizes fire safety drill and safety and health training once a year.	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?			(IV) The Company arranges on-job training for its employees. The Company convenes regular labor-management meetings and utilizes appropriate means to notify employees on operational changes that may be of significant impact to them.	
(V) Has the Company complied with laws and international standards with respect to			(V) The Company has labeled and marketed its products and	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures? (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?			services in accordance with laws and international standards. E-mail links are provided on website for customers to raise queries, complaints and suggestions for the protection of their interests. (VI) The Company has implemented a set of supplier evaluation procedures and adopted the practice to evaluate suppliers before commencing business relationship. Although contracts with key suppliers do not entitle the Company to terminate a relationship unilaterally if suppliers are found to have violated corporate social responsibilities and caused significant impact to the environment or the society, the Company still coordinates actively with suppliers to increase CSR awareness.	
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	✓		In 2019, the Company adopted the GRI Standard for the preparation of its 2018 CSR report. This report is disclosed on the Company's website.	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	
abovementioned reports supported by assurance or opinion of a third-party certifier?				

VI. If the Company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:

The Company has implemented a set of "Corporate Social Responsibility Code of Conduct"; there is no significant difference between actual practices and the code of conduct.

VII. Other information useful to the understanding of corporate social responsibilities:

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:

(I) Education: The Company participated in the AAEON Art Point event organized by AAEON Foundation, and promoted a series of art-related education for remotely located schools in Chiayi, Taitung, Yunlin, Yilan and Changhua that received overwhelming response. Having observed the lack of teaching resources in suburban areas, the Company began a new series of sponsorship to AAEON Foundation in 2017 for the Discovery Tech Wonderland project, and invited Gigabyte Foundation, Golden Sand Culture and Education Foundation, Yuan T. Lee Science Education for All, Chinese Creative Association of Natural Science, Reallusion and Prokits Industries join the cause of supporting remotely located schools with new teaching technologies and resources. By 2018, the project had benefited 10 schools in Chiayi County, including Yuanchong, Minhe, Hemu,

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	

Shuishang, Beihui, Zhonghe, Yizhu, Yongan, Longgang and Gangqian.

The project involves demonstration of lifestyle technologies in five main areas (food, home, transportation, future applications and wearables) and includes a multi-dimensional workshop that offers practical experiences such as PC assembly, scientific games, virtual reality (VR), augmented reality (AR), solar power DIY, HOC programming and animation; all of which were covered in a 3-day 2-night trip to Taipei. Between March and May 2019, a total of 185 senior year elementary school students, teachers and the principal plus 24 of the Company's employees were taken on two separate tours over four bus rides. Students were taken to multiple places of interest where they experienced different types of technology. ONYX Healthcare even granted all participating employees a one-day volunteer leave as encouragement for their participation, and donated an additional NT$2 million in 2019 to AAEON Foundation to sponsor the "2019 Discovery Tech Wonderland" and "2019 Classical Music Mansion" projects.

(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.

1. Three directions of environment-friendly design

(1) Eliminate or reduce hazardous substances in existing products through selection of raw materials.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	

(2) Design products using materials that can be easily reused, recycled and disintegrated where possible.

(3) Incorporate power management functions into product design for improved energy efficiency and reduced power consumption.

2. Green cycle

(1) Waste management and resource recycling

ONYX generated 3,762kg of general waste and 12,512kg of resource waste in 2019. Carton boxes accounted for 93% 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). 97% of the waste generated was recycled and reused.

(2) Industrial waste management

The Company searches for waste treatment service providers according to the rules imposed by Environmental Protection Administration (EPA), and makes "License Inquiries" for suitable service providers on EPA's waste control website. The Company's existing waste service 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. An industrial waste disposal contract of 2019 was signed with the service provider (valid until February 28, 2020), and the contractor is bound by the terms to dispose industrial waste. (Class A Waste Permit: 2017-Tao-Fei-Chu-Zi-0068-1; valid until August 16, 2020)

(3) Recycling income

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	

The Company received NT$21,160 of income from recycling 11,950kg of industrial waste (cartons) in 2019.

(III) Community engagement, social contribution, social service and charity:

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 2019, a total of 658 people from various organizations within the industrial park donated 1,002 250c.c. bags of blood in total. By engaging peers in charitable activities, the Company aimed to promote unity among businesses within the park.
2. The Company sponsored Gigabyte Foundation's initiative of promoting locally grown produce by purchasing 48 cartons of lemon and giving them to employees, and in doing so supported Taiwan's agriculture and helped eliminate excess inventory.
3. Annual coastal cleanup: The Company supports the International Coastal Cleanup Day by organizing annual coastal cleanup events. In 2019, collaboration was made with AAEON Technology, Litemax Electronics and Dongshuo Enterprise to bring the number of participants to 200.
4. The Company responds to Earth Hour by posting relevant remarks and details on website to bring the world's attention to climate change and global warming.

(IV) Customers' interests: The Company has assigned dedicated units to address customers' complaints in a timely and appropriate manner, and thereby protect customers' interest.

(V) Human rights: The Company cares for the underprivileged and hires persons with disability in support of the government's initiative to protect work

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
rights for all. (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. (VII) In February 2016, the Company passed ISO-14001: 2015 Environmental Management System and obtained certification that is valid from February 19, 2019 to February 19, 2022. (VIII) The Company will be preparing its 2019 CSR report based on GRI Standard and publish it on website once completed.				

(VI)Integrity policies and practices

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions (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? (II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest	✓		(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. (II) 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. (III) 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.	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	
conducts? Are the above measures reviewed and revised on a regular basis?				
II. Business integrity (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? (II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?	✓		(I) Prior to commencing business dealing, the Company would evaluate the legitimacy and commercial integrity of its business partner. (II) The Resource & Service Division is responsible for enforcing the Company's integrity goals and making regular reports to the board of directors. Current year's report was made to the board of directors on August 7, 2019. 2019 progress: 1. Employees of the Company follow "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" and enforce business integrity policy in all business activities. 2. The Company promotes integrity awareness and organizes training for all employees. 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. 4. The Company performs internal control self-assessments on a yearly basis to evaluate how well	No material deviation is found

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests? (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? (V) Does the Company organize internal or external training on a regular basis to maintain business integrity?			the integrity measures have been enforced. A Declaration of Internal Control System is issued based on the findings. (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. (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. (V) The Company organizes internal training on business integrity on a regular basis, and promotes integrity awareness at management meetings and internal meetings. The following is a list of internal and external integrity courses organized by the Company in 2019: 2019 | Enrollments | Hours	

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 Code of Conduct: 28, 56 Accounting policy: 3, 36 Internal control system: 3, 30 Total: 34, 122	
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Has the Company assigned dedicated personnel to investigate the reported misconducts? (II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken	✓		(I) The Company has "Grievance Mailbox" that employees may use to report misconducts. All reported misconducts are handled according to "Business Integrity Procedures and Behavioral Guidelines" by dedicated personnel that the Chairman has assigned. Complaint channels have also been disclosed on the "Stakeholder Identification and Communication" webpage. There was no report of major misconduct internally or externally in 2019. (II) Reported misconducts are handled in the following procedures:	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	
upon completion of an investigation? (III) Has the Company adopted any measures to prevent whistleblowers from retaliation for filing reports?			1. Accept report 2. Identify the nature of report 3. Verify facts 4. Talk to related personnel 5. Impose discipline. (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.	
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				

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
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 http://www.onyx-healthcare.com.				

(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, 2020

The following declaration has been made based on the 2019 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, 2019. 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, 2020.

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
2019/5/29	Annual general meeting	1. Passed 2018 business report and financial statements.	Passed as proposed through vote by ballot.
		2. Passed 2018 earnings appropriation.	With authorization sought from shareholder meeting, the Chairman had set the dividend baseline date at July 5, 2019, and dividends were entirely paid on July 26, 2019. (To distribute cash dividends at NT$6.5 per share)
		3. Passed issuance of new shares against capitalized 2018 earnings.	With authorization sought from shareholder meeting, the board of directors passed a resolution on August 7, 2019 to set the dividend baseline date at August 30, 2019. Dividends were entirely paid on October 7, 2019. (To distribute stock dividends at NT$1 per share)
		4. Passed partial amendments to the "Articles of Incorporation."	This motion was passed as proposed through vote by ballot. The amended Articles of Incorporation took effect and was published on the Company's website following approval from New Taipei City Government on June 11, 2019.

		5. Passed partial amendments to "Asset Acquisition and Disposal Procedures"	This motion was passed as proposed through vote by ballot. The amended procedures took effect and were published on the Company's website and MOPS on May 29, 2019.
		6. Total re-election of directors.	Directors elected for the 4th board: Directors (4 seats): Jui Hai Investment Co., Ltd. (representative: Chuang, Yung-Shun), AAEON Technology Inc. (representatives: Wang, Feng-Hsiang, Lin, Chien-Hung and Lee, Tsu-Der). Independent directors (3 seats): Chiang, Po-Wen, Tai, Yi-Hui and Lee, San-Liang. Approved and registered with New Taipei City Government on June 11, 2019.
		4. Passed the removal of restrictions imposed against directors for involving in competing businesses.	Passed as proposed through vote by ballot.

2.Major board resolutions

Date of meeting	Nature of meeting	Major resolutions
2019/02/18	Board of directors meeting	1. Passed allocation of 2018 employee and director remuneration. 2. Passed 2018 business report and financial statements. 3. Passed 2018 earnings appropriation. 4. Passed issuance of new shares against capitalized 2018 earnings. 5. Partial amendments to the "Articles of Incorporation." 6. Passed 2018 Declaration of Internal Control System. 7. Partial amendments to "Asset Acquisition and Disposal Procedures." 8. Passed total re-election of directors.

Date of meeting	Nature of meeting	Major resolutions
		9. Passed nomination of director and independent director candidates. 10. Passed removal of restrictions on competing business involvement for new directors and representatives 11. Passed details concerning the 2019 annual general meeting. 12. Passed change of financial statement auditor. 13. Passed 2019 performance bonus for non-sales employees. 14. Passed 2019 manager salary adjustment proposal
2019/04/23	Board of directors meeting	1. Passed 2019 1st quarter consolidated financial statements. 2. Partial amendments to "External Party Lending Procedures" and "Guarantee and Endorsement Procedures." 3. Partial amendments to "Business Integrity Procedures and Behavioral Guidelines." 4. Partial amendments to "Corporate Governance Code of Conduct." 5. Partial amendments to "Remuneration Committee Foundation Principles." 6. Establishment of "Standard Operating Procedures for Resolving Directors' Requests." 7. Passed lending to subsidiary - Onyx Healthcare (Shanghai) Inc.
2019/05/29	Board of directors meeting	1. Passed nomination to election of the fourth chairman of the company. 2. Passed nomination of Remuneration Committee members.
2019/08/07	Board of directors meeting	1. Passed 2019 2nd quarter consolidated financial statements. 2. Amendments to "Internal Control System" and Internal Audit System" of the Company and Subsidiary - OHU 3. Passed donation to AAEON Foundation. 4. Passed allocation of 2018 director remuneration. 5. Passed allocation of 2018 employee remuneration for managers. 6. Partial amendments to "Business Integrity Code of Conduct." 7. Passed the proposal to accept credit facilities from Mega Bank. 8. Passed the proposal to accept derivative trading limit from Mega Bank. 9. Passed the proposal to apply for treasury trading limit with CTBC Bank.

Date of meeting	Nature of meeting	Major resolutions
		10. Passed the proposal to accept credit facilities from Taishin Bank. 11. Passed the proposal to accept derivative trading limit from Taishin Bank. 12. Passed authorization for derivative trading. 13. Set baseline dates for stock dividend and cash issue. 14. Passed additional investments into subsidiary - Onyx Healthcare (Shanghai) Inc. 15. Amendments to "Responsibility Matrix." 16. Passed Issuance and Subscription Policy for 2019 Employee Warrant.
2019/11/11	Board of directors meeting	1. Passed 2019 3rd quarter consolidated financial statements. 2. Amendments to "Board of Directors Performance Evaluation Policy."
2019/12/23	Board of directors meeting	1. Passed 2020 audit plan of the Company and subsidiaries. 2. Passed distribution of 2019 managers' year-end bonus. 3. Partial amendments to the Company's "Issuance and Subscription Policy for 2019 Employee Warrant." 4. Passed the Company's 2020 operational plan (and budget).

(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	Chang, Shu-Chiung	Lin, Chun-Yao	2019/1/1~2019/12/31	

Unit: NTD thousands

Amount range \ Fee category		Audit fee	Non-audit fee	Total
1	Below NT$ 2,000,000	—	—	—
2	NT$2,000,000 (inclusive) ~ NT$4,000,000	3,100	—	3,100
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	Chang, Shu-Chiung	3,100	—	—	—	—	3,100	2019/1/1~2019/12/31	
	Lin, Chun-Yao								

(II) Change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fee before and after the change and the cause of such change: None.

(III) Any reduction in audit remuneration by more than 15% compared to the previous year; state the amount, the percentage and reason of such variation: None.

VI.Change of external auditor:

(I) Information relating to the former auditor:

<table>
<tr><td>Date of reappointment</td><td colspan="3">Since 2019</td></tr>
<tr><td>Reasons and details of the reappointment</td><td colspan="3">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-Rong and CPA, Lin, Chun-Yao tarting from year 2020.</td></tr>
<tr><td rowspan="3">Whether the termination of audit service was initiated by the client or by the auditor</td><td>Parties
Situation</td><td>Auditor</td><td>Client</td></tr>
<tr><td>Service terminated by</td><td>—</td><td>—</td></tr>
<tr><td>Service no longer accepted (continued) by</td><td>—</td><td>—</td></tr>
<tr><td>Reasons for issuing opinions other than unqualified opinion in the last 2 years</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td>—</td><td>Accounting policy or practice</td></tr>
<tr><td>—</td><td>Disclosure of financial report</td></tr>
<tr><td>—</td><td>Audit coverage or procedures</td></tr>
<tr><td>—</td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Supplementary disclosure (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="3">None</td></tr>
</table>

(II) Information relating to the succeeding auditor

Name of accounting firm	PwC Taiwan	PwC Taiwan
Name of CPA	Chang, Shu-Chiung ,Lin, Chun-Yao,	Lin, Chun-Yao, Weng, Shih-Rong
Date of reappointment	Since 2019	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	Not applicable
Written disagreements from the succeeding auditor against opinions made by the former CPA	Not applicable	Not applicable

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

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

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

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

Unit: shares

Position	Name	2019		Current year up till report publication date (March 31, 2020)	
		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.	1,188,467	—	—	—
Director	Jui Hai Investment Co., Ltd.	13,482	—	—	—
Director - corporate representative Chairman	Chuang, Yung-Shun	156,157	—	—	—
Director - corporate representative President	Wang, Feng-Hsiang	50,771	—	—	—
Director - corporate representative COO	Hsu, Chin-Lung (Note 1)	4,862	—	—	—
Director - corporate representative	Lin, Chien-Hung	847			
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	6,383	—	—	—
Head of Product R&D Division	Chao, Hsing-Kuo	5,500	—	(37,000)	—

Assistant Vice President	Lin, Huang-Pao (Note 22)	—	—	—	—
Head of Accounting	Yang, Hsiang-Chih	536	—	—	—

Note 1: Mr. Hsu, Chin-Lung's retirement was effected on November 7, 2019.
Note 2: Mr. Lin, Huang-Pao commenced duty on October 1, 2019.

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

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

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

Unit: shares; March 24, 2020

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.	11,005,145	50.00%	—	—	—	—	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							AAEON Technology Inc.	Representative of the mentioned company	—
Chuang, Yung-Shun	1,717,730	7.80%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
ASUSTeK Computer Inc.	1,232,082	5.60%	—	—	—	—	AAEON Technology Inc. Hua-Min Investment Co., Ltd.	Parent and subsidiary Parent and subsidiary	—
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	767,486	3.49%	—	—	—	—	—	—	—
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company	447,590	2.03%	—	—	—	—	—	—	—
Li, I-Hsuan	352,740	1.60%	—	—	—	—	—	—	—

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	
Li Mingxian	284,713	1.29%	—	—	—	—	—	—	—
Li, Chien-Hsing	272,000	1.24%	—	—	—	—	—	—	—
Hua-Min Investment Co., Ltd.	263,356	1.20%	—	—	—	—	ASUSTeK Computer Inc. AAEON Technology Inc.	Parent and subsidiary Associated company	—
Hua-Min Investment Co., Ltd. Representative: Jonney Shih							ASUSTeK Computer Inc. AAEON Technology Inc.	Representative of the mentioned company Director of the mentioned company	—
Li Mingchang	221,430	1.01%	—	—	—	—	—	—	—

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, 2020 Unit: shares

Invested businesses	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
ONYX HEALTHCARE USA, INC.	200,000	100.00%	—	—	200,000	100.00%
ONYX HEALTHCARE EUROPE B.V.	100,000	100.00%	—	—	100,000	100.00%
Onyx Healthcare (Shanghai) Inc.	(Note)	100.00%	—	—	(Note)	100.00%
iHelper Inc.	1,656,000	46.00%	180,000	5.00%	1,836,000	51.00%
Winmate Inc.	9,467,000	13.11%	4,300,000	5.96%	13,767,000	19.07%

Note: Limited liability company

FOUR Capital Overview

I.Capital and outstanding shares

(I) Sources of share capital

1. Outstanding shares

March 31, 2020
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 4,500,000 shares	None	Note 2
December 2013	10	10,000,000	100,000,000	9,660,000	96,600,000	Capitalization of earnings 2,160,000 shares	None	Note 3
August 2014	10	15,000,000	150,000,000	13,041,000	130,410,000	Capitalization of earnings 3,381,000 shares	None	Note 4
August 2015	10	15,000,000	150,000,000	14,345,100	143,451,000	Capitalization of earnings - 1,304,000 shares	None	Note 5
August 2016	10	25,000,000	250,000,000	15,779,610	157,796,100	Capitalization of earnings - 1,435,000 shares	None	Note 6
January 2017	10	25,000,000	250,000,000	18,188,610	181,886,100	Cash issue 2,409,000 shares	None	Note 7,8
August 2017	10	25,000,000	250,000,000	20,007,471	200,074,710	Capitalization of earnings - 1,819,000 shares	None	Note 9
September 2019	10	50,000,000	500,000,000	22,008,218	220,082,180	Capitalization of earnings - 2,001,000 shares	None	Note 10

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

2. Share categories

March 24, 2020; unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	22,008,218	27,991,782	50,000,000	TPEx listed shares

3. Information relevant to the aggregate reporting policy: None

(II) Shareholder structure

March 24, 2020; unit: parties; shares

Shareholder structure / Count	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	—	1	21	1,637	8	1,667
Number of shares held	—	55,500	12,771,987	8,455,374	725,357	22,008,218
Shareholding percentage	—	0.25%	58.03%	38.42%	3.30%	100.00%

(III) Ownership diversity

1.Common shares

March 24, 2020; unit: parties; shares

Shareholding category	Shareholder count	Number of shares held	Shareholding percentage
1 to 999	564	85,174	0.39%
1,000 to 5,000	912	1,599,034	7.27%
5,001 to 10,000	88	632,106	2.87%
10,001 to 15,000	36	443,961	2.02%
15,001 to 20,000	12	214,526	0.97%
20,001 to 30,000	14	347,060	1.58%
30,001 to 50,000	14	522,548	2.37%
50,001 to 100,000	11	800,640	3.64%
100,001 to 200,000	6	798,897	3.63%
200,001 to 400,000	5	1,394,239	6.33%
400,001 to 600,000	1	447,590	2.03%
600,001 to 800,000	1	767,486	3.49%
800,001 to 1,000,000	0	0	0.00%
1,000,001 and above	3	13,954,957	63.41%
Total	1,667	22,008,218	100.00%

2.Preferred shares: none

(IV) List of major shareholders

March 24, 2020; unit: shares

Shareholding / List of major shareholders	Number of shares held	Shareholding percentage
AAEON Technology Inc.	11,005,145	50.00%
Chuang, Yung-Shun	1,717,730	7.80%
ASUSTeK Computer Inc.	1,232,082	5.60%
Wang, Feng-Hsiang	767,486	3.49%
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company	447,590	2.03%
Li, I-Hsuan	352,740	1.60%
Li Mingxian	284,713	1.29%
Li, Chien-Hsing	272,000	1.24%
Hua-Min Investment Co., Ltd.	263,356	1.20%
Li Mingchang	221,430	1.01%

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

Unit: NTD $

Item / Year			2018	2019	Up till April 6, 2020
Market price per share (Note 1)	High		196.00	207.00	182.00
	Low		100.50	127.50	148.00
	Average		147.33	168.68	165.46
Net worth per share	Before dividend		46.18	46.35	—
	After dividend		36.07	Undistributed	—
EPS	Weighted average outstanding shares		20,007,000 shares	22,082,000 shares	22,082,000 shares
	EPS (Note 2)	Before retrospective adjustment	9.74	10.88	—
		After retrospective adjustment	8.86	Undistributed	—
Dividends per share	Cash dividends		6.50	6.00 (Note 2)	—
	Stock dividends	From earnings	1.00	2.50 (Note 2)	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of investment returns (Note 3)	P/E ratio		14.41	15.22	—
	Price to dividends ratio		21.60	27.62	—
	Cash dividend yield		4.63%	3.62%	—

Note 1: Information sourced from the Taipei Exchange; high, low and average prices are determined through comparison during trading hours.
Note 2: 2019 earnings appropriation represents amount resolved by the board of directors and is pending for approval at 2020 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.
Note 4: To ensure accuracy, data was presented as of April 6, 2020 and not the publication date of annual report (April 15, 2020).

(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.

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, 2020, and include cash dividends of NT$132,049,308 at NT$6.00 per share and stock dividends at NT$2.50 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

During the meeting held on February 24, 2020, the board of directors passed a resolution to distribute stock dividends at NT$2.5 per share in the current year. 5,502,055 new shares are expected to be issued to produce a dilution effect of approximately 25%. The Company is still in its growth stage, and after taking into consideration the current share capital and the need to reserve cash for future expansions, paying stock dividends in moderation should benefit the Company over the long term, and short-term dilution of EPS should not have negative impact on overall operations.

(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$17,000,000 and director remuneration of NT$2,400,000 have been estimated for the current period. If the amount changes on a later date, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

3. Remuneration passed by the board of directors

   The Company's 2019 employee and director remuneration was passed during the board of directors meeting held on February 24, 2020. 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$17,000,000 and director remuneration of NT$2,400,000 entirely in cash. These amounts were indifferent from the amounts estimated in the previous year.

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

   None of the 2019 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 2018 remunerations were resolved during the annual general meeting held on May 29, 2019; 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: None

VI. Employee restricted shares: None

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

VIII. Progress on planned use of capital:

(I) Any previous public offering or private placement of securities that have not been completed as of the immediate quarter preceding the publication date of annual report: None.

(II) Offering or private placement of securities completed in the last 3 years that have yet to achieve significant benefit: None.

(III) The Company did not issue any new shares or corporate bonds in exchange for shares of another company or for merger or acquisition in the last three years up till the publication date of annual report. Information about previous cash issues is presented below:

1. Plan details

(1) Authority's approval date and reference: Letter No. Zheng-Gui-Shen-Zi-1050031647 issued by Taipei Exchange on November 9, 2016

(2) Total capital needed for the plan: NT$492,706,000.

(3) Source of capital: The Company made a public offering of 2,409,000 new shares at NT$185 for cash; the tender resulted in an average price of NT$213.70, raising NT$492,706,000 in capital.

(4) Planned use of capital and scheduled progress:

Unit: NTD thousands

Projects	Estimated date of completion	Total capital required	Scheduled capital use
			2016 Q4
Working capital	2016 Q4	492,706	492,706

(5) Expected benefits:

This NT$492,706,000 of capital raised from cash issue will be used as working capital to support future business growth. The addition of long-term capital strengthens financial position and reduces business risk, which ultimately improves competitiveness as well as medium and long-term prospects.

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

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

2. Execution

Unit: NTD thousands

Projects	Current progress		As of 2016 Q4	Promptness, lateness, reasons and improvement plans
Working capital	Amount used	Projected	492,706	Plan completed as intended
		Actual	492,706	
	Execution progress	Projected	100%	
		Actual	100%	

3. Assessment of execution benefits

Item	Year	End of 2016 Q3 (before capital injection)	End of 2016 Q4 (after capital injection)
Financial position	Debt ratio (%)	39.61	23.97
	Long-term capital to property, plants and equipment (%)	2,249.78	5,910.67
Solvency	Current ratio (%)	291.47	454.76
	Quick ratio (%)	226.42	407.76

Source: 2016 Q3 unaudited standalone financial statements and Q3 audited standalone financial report.

This fundraising project was completed in the 4th quarter of 2016, and all NT$492,706,000 of proceeds received was allocated to working capital. This addition of long-term capital not only increased the weight of proprietary capital and strengthened financial position, but also reduced business risk and improved overall competitiveness. From the chart above, it can be observed that the cash issue reduced debt ratio from 39.61% to 23.97% and increased long-term capital to property, plants and equipment from 2,249.78% to 5,910.67%. In terms of solvency, the cash issue raised current ratio from 291.47% to 454.76% and quick ratio from 226.42% to 407.76%. Overall, the injection of additional capital has benefited the Company in terms of financial position and solvency.

FIVE Operational overview

I. Business activities

(I) Scope of business

1. Principal business activities

CC01080	Electronic Parts and Components Manufacturing
CC01101	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
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
F401021	Restrained Telecom Radio Frequency Equipments and Materials Import
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	2018		2019	
	Amount	Revenue weight	Amount	Revenue weight
Medical computing solutions and accessories	1,389,032	97.53%	1,447,621	97.62%
Others (Note)	35,640	2.47%	35,323	2.38%

Total	1,424,672	100%	1,482,944	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 workstation and medical display
Mobile medical devices	MD-series medical tablets
Mobile nursing care system	VENUS series medical cart computer
Medical controller	MedPC series embedded fan-less medical computer
Long-term care system	Bedside series infotainment unit
Medical power	Medical-grade power system
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.
Ultra-high resolution medical workstation	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

(II) Industry Status Quo

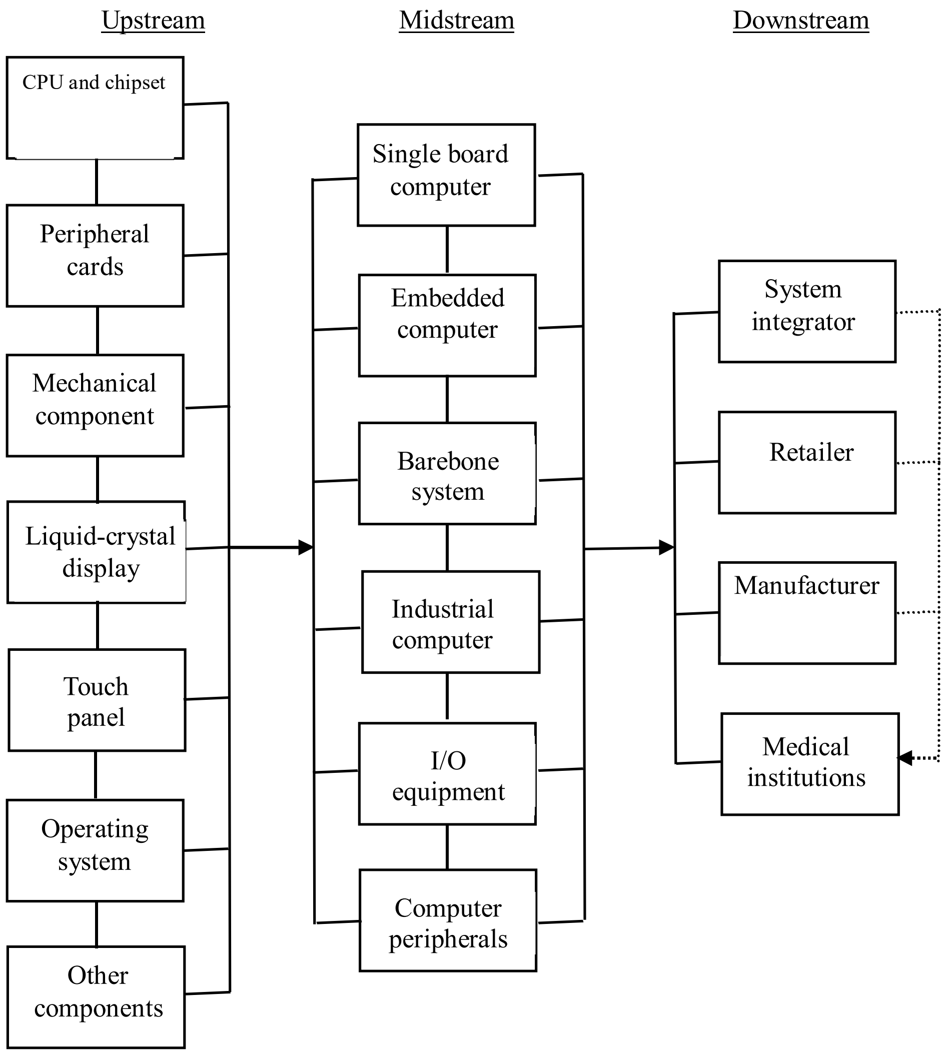
1. The Status Quo and Current Development of the related industry

As medical technology advances and public health improves, the average life expectancy in humans also continues to increase.Based on the 2019 revised data from the United Nation's World Population Prospect, in 2018 the global population of age 65 years and above has for the first time exceeded the population of age 5 years and under. As the world's population continues to age, it is expected that by the year 2050, 16% of the global population will be age 65 years and above. As the global aging trend continues, the growing needs of medical care will continue to rise concurrently, which projects a favorable long-term growth prospect for the market of medical devices. According to research by the World Health Organization (WHO), there is a shortage of professional healthcare workforce worldwide. As the needs for healthcare increase rapidly, the shortage on demand for professional healthcare workforce is only expected to become even more severe. Under the burden of increasing proportion of healthcare expenditure over GDP and the resulting significant financial burden, many advanced nations are eagerly seeking innovative technology to development more effective healthcare solutions, in order to slow the expenditure on healthcare and reduce unnecessary waste. Utilization of automation and smart healthcare in hospitals has become international development trends for improving healthcare efficiency and controlling expenditures. Thus, health monitoring and management are now being emphasized more than ever as means to lower medical costs through prevention.Major nations in the world are currently promoting the development of smart care aid technology, including wearable devices, personal behavior management, health data collection and database platforms through the introduction of information and communication technology (ICT).ICT is utilized to promote lifestyle and behavior changes, promote health awareness, manage health records and medical affairs to prevent diseases.

According to the data from the 2019 Medical Devices Industry Yearbook of the Industrial Technology Research Institute, the scale of the 2018 global medical device market was about 389.1 billion U.S. dollars, accounting for 47.5% of the North American regions; 25% of Western Europe; 21% of Asia Pacific regions; 4% of Central and Eastern Europe, and 2.5% of Middle East and African regions. The United States remain the major market; the rapidly aging society in Japan has stimulated healthcare industry, and as the Mainland China faces the upcoming threats of aging, it is expected that the medical device market has tremendous potential in the future. In terms of product category, in 2018, the diagnostic imaging products accounted for 23.8%. Even with a slight 0.2% reduction from 2017, it remains the largest single product category, followed by medical consumable products (16.2%), medical aids (12.7%), orthopedic and implants (11.7%) and dental products (7.5%), which have all increased slightly by 0.1% from 2017. It is expected that the proportion of product sales for each category will remain relatively unchanged in 2019.In recent years, the medical needs of emerging nations continue to grow, as well as active investment in building of medical care infrastructure. For example, the proportion of diagnostic imaging products in Philippines, Vietnam and Indonesia were higher than the global average (23.8%), illustrating the strong market demands in these regions.As the needs of the aging population continue to surge, it is expected that the significance of medical devices such as medical aids, dental, orthopedic and implants will continue to rise. The demands of the emerging nations are expected to profoundly influence the market direction of medical devices.

According to the data of the 2019 Medical Devices Industry Yearbook, the major global markets of medical devices are in the U.S. and Europe, and are often the first choice of most major corporations. The medical device certification standards from these countries are widely recognized by many countries and have been re-translated into their respective legislatures. Therefore, obtaining certification from the EU and U.S. is an essential step for medical device vendors to bring their products into the international market. This results in the U.S. and EU policies and related agenda exerting significant influence over the development of medical device industry. The leading U.S. vendors of medical devices continue to guide global industry development. The relative stability of the U.S. healthcare insurance system provides better support than other countries. Under the strong momentum created by supply and demand, the market in the U.S. is expected to grow continuously, securing its place as the world's largest single market nation. Germany is one of the major economic entities in the European Union. The medical device market in Germany continues to grow under favorable economic conditions, aging demands and high expectation for the quality of medical services, and has exceeded Japan as the 2nd largest single market country in the world. Japan continues to dominate the medical device market in the Asia Pacific region. As the first country in the world to enter a super-aging society, Japan has implemented care insurance system since 2000 to enhance the utilization of healthcare and medical services. This resulted in Japan occupying nearly 40% of the Asian market for medical devices. The rapid economic growth in Mainland China has also elevated the country into the world's 4th largest healthcare market, and has attracted the attention of many international vendors.

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 and remote access.

(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. Overall economic environment and competition

The medical device industry in Taiwan is mainly oriented toward exportation of products to specific markets, which is easily influenced by local industry policies. The exchange rate of New Taiwan Dollar to U.S. Dollar also becomes a key indicator to the operational performance of industries.In addition, the cost of materials occupies a significant proportion of the expenses of medical device and equipment manufacturer. Therefore, the price trend of raw materials is also another key indicator that affect the operational performance of industries, aside from the NTD exchange rate.In terms of policies, Taiwan has relaxed the applicable targets indicated in Article 3 of the Act For The Development Of Biotech And New Pharmaceuticals Industry at the start of 2017. Vendors developing high-risk medical devices are eligible for rent and tax deduction, which is beneficial for vendors in Taiwan to invest in the research and development of high-risk medical devices.

To prepare for the advent of aging society and accompanying business opportunities, the Taiwanese government is also actively developing industry policies to incorporate biomedical industry as one of Taiwan's key innovative industries. The government has passed the Biomed Taiwan industry promotion plan in November of 2016, through the core visions of Connecting Future, Global and Local together to promote four major action plans: a comprehensive ecosystem, integrate start-up innovations, connects to international market resources, and promote specialty industries. The Bio Taiwan Committee (BTC) also convenes annually, and in 2018 the BTC introduced novel technologies like digital and regenerative medicine, combining the DIGI+ Project and AI (Artificial Intelligence) Action Plans to guide Taiwan's biomedical industries into the fields of digitization, precision and Big-data assisted medicine.Taiwan is blessed with an excellent healthcare system, rich clinical capacity and complete human bio-banks, as well as a National Health Insurance database that can be utilized for the planning, monitoring and evaluation of medical services. These serve as niche advantages to promote biomedical industries. With the addition of a strong foundation laid by ICT industries, the cross-discipline collaboration between AI and healthcare will become an advantageous opportunity to increase overall competitiveness of Taiwan's biomedical industry.

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	2019 consolidated information - IFRSs-compliant	Consolidated information up till publication date of annual report (March 31, 2020) - IFRSs-compliant
R&D budget	68,973	18,084
Net revenues	1,482,944	252,338
As a percentage of net revenues	4.65	7.17

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

Year	Technology or Product
2015	ONYX-1222 Slim Medical Panel PC 2nd generation ZEUS Smart Medical Workstation BE182 18.5” Bedside Infotainment Terminal MedPC-2100/MedPC-2000 Fanless Embedded medical computer
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

(IV) Long and Short Term Business Development Plans

1. Short-term business development plan

(1) Marketing Strategies

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

a. Invest in primary market locations, strengthen professional marketing talents to effectively promote new products, employ oversea talents to manage local market.

b. Invest marketing resources to expand the commercial momentum of primary market channels.

c. Establish local design and manufacturing service (DMS) capacity, intensify local-for-local client collaboration.

d. Based on the attributes of application, develop new partnership in the application markets.

B. Increase OEM/ODM clients and revenue

a. Establish a medical-specific DMS (Design and Manufacturing Service) department for rapid service of Tier 1 client needs.

b. Make good use of internet marketing tools to develop new client sources.

C. Aggressive development of the Asia Pacific Market

Take over the Greater China market with comprehensive healthcare solution, create bigger added values. Coincide with the growth curves of New Zealand, Australian and ASEAN to rapidly replicate the successful experiences of Europe and North America.

(2) R&D strategies

Our company implements dual-track R&D strategies on co-developing products and technologies.Technology wise, our research encompasses AI, medical IoT technology, remote monitoring, medical aids, remote sensing, data image packing and transmission technologies. The results of our R&D will be incorporated into future products as newly developed functions, so we can continuously enhance the unique features of our products and maintain industry leadership over rival businesses.

(3) Product strategies

A. Incorporate AI smart technology into medical system, use AI to greatly improve medical care efficiency and realize precision medicine.

B. Assist domestic and oversea medical institutions to introduce electronic medical records (EMR), medical picture archiving and communication systems (PACS) and clinical information system (CIS).

(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 Year / By Region	2018		2019	
	Sales Amount	Proportion	Sales Amount	Proportion
Domestic Sales	12,012	0.84%	16,676	1.12%
Oversea Sales	1,412,660	99.16%	1,466,268	98.88%
Total	1,424,672	100.00%	1,482,944	100.00%

2.Market share

Our company offers private-label products and customized services of medical computers. As medical computers constitute a part of medical equipment, one of our management principles is to create win-win scenarios together with vendors of medical equipment. Therefore, we are not involved in the development and sale of medical equipment, resulting in difficulty obtaining exact data on market share in both domestic and oversea markets. Our products have been successfully sold in European and North American markets and have earned praises from our clients in those markets. With a firm grasp of the European and North American markets and recent development and investment in the Greater Chinese regions to coincide with Mainland China's 13th Five Year Plan of new medical reforms, we become the only professional medical computer supplier in Taiwan to gain strong footholds in markets spanning over 3 continents.

3.Future Market Supply and Demand and Growth Potential

The aging issue of the global population is becoming more prominent. According to the data from the United National Population Fund (UNFPA), as the aging trend of global population continues, it is expected that by the year 2050 22% of the world's population will be 60 years or above, and the demands for medical device industry will continue to grow. With the advent of aging society, the annual costs of chronic disease care and medical expenses will continue to grow. As the competition between medical industries grows fiercer, the use of electronic medical devices to lower medical costs and increase service quality has become the unified direction of development for the medical industry, which in turn drives the growth in demands for medical devices. The advancement in ICT technology and IOT has brought about novel medical electronic products that integrate communication, network, software and optoelectronic technology, which not only satisfy the healthcare provider and consumer's needs for telecare, digital healthcare and smart healthcare, but also bring about tremendous market potential for medical computers. These include monitoring of vital signs, data exchange platform, Big Data analysis, AI, precision medicine and smart robotics, all aiming for more efficient solutions for healthcare.

According to the data compiled from BMI (Business Monitor International) by the 2019 Medical Devices Industry Yearbook, consumer awareness and demands for medical treatment are on the rise, cross-discipline integration of novel technologies such as computation, digitization and artificial intelligence (AI) has resulted in stable growth of global medical device market. The market scale of global medical devices in 2018 reached 389.1 billion U.S. Dollars, which is expected to grow to 462.5 billion U.S. Dollars in 2021, a 6.5% growth of CAGR.The five major global markets of medical devices in descending order are U.S., Germany, Japan, China and France. The leading U.S. vendors of medical devices continue to guide global industry development. The relative stability of the U.S. healthcare insurance system provides better support than other countries. Under the strong momentum created by supply and demand, the market in the U.S. is expected to grow continuously, securing its place as the world's largest single market nation. Germany is one of the major economic entities in the European Union. The medical device market in Germany continues to grow under favorable economic conditions, aging demands and high expectation for the quality of medical services, and has exceeded Japan as the 2nd largest single market country in the world. Japan continues to dominate the medical device market in the Asia Pacific region. As the first country in the world to enter a super-aging society, Japan has implemented care insurance system since 2000 to enhance the utilization of healthcare and medical services. This resulted in Japan occupying nearly 40% of the Asian market for medical devices. The rapid economic growth in Mainland China has also elevated the country into the world's 4th largest healthcare market, and has attracted the attention of many international vendors.

As for supply and demand, according to the data compiled from Medicaldevice-network.com (2019) by the CTCI Foundation, amongst the global medical device market shares, 40% is occupied by the world's top ten medical equipment manufacturers. As the global IoT development and medical digitization continues to transform, major medical device manufacturers are also aggressively planning in this market segment.International medical device industry is mostly led by major manufacturers, therefore by observing the strategic planning of key international medical device manufacturers, one can grasp the global development trends of medical devices.Based on the statistic of the 2019 Medical Devices Industry Yearbook, there are 1,128 medical device vendors in Taiwan by the end of 2018, producing mostly medium-grade medical devices, the majority being Class 1 and 2 medical devices by classification. The main exports are medical aids and prosthesis, and mostly oriented toward consumer intermediate-and low-end medical devices, which echo with the development type of Taiwan's small and medium businesses. Following the trends of global IoT development and healthcare digitization, vendors in Taiwan with electronic industry and IoT industry competitive advantages are actively exploring the field of healthcare. The burden of increasing global medical costs has created major trends to improve preventive surveillance, health promotion and increasing medical benefits, and the service mentality is gradually shifting from medical provider-centered to patient-centered. Small, portable and smart medical devices with strong connectivity are now a key development trend. As Taiwan is strong in electronic design and production, product development should also follow the global trend.

4. Competitive Niche

The primary management teams of our company have extensive industry experiences, and are sensitive to market reaction, able to make accurate and quick decisions backed with enormous ambition. Since the establishment of our company, we have been focused on the development of medical computers. Our R&D teams have accumulated years of solid proficiency, making our products excel in a competitive niche.

5. Advantages and Disadvantages of Development Prospect and Countermeasures

(1) Advantages

A. 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.

B. 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.

C. 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.

(1) Disadvantages and countermeasures

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

Countermeasures

(A) Gradually enhancement of oversea subsidiaries and scout out collaborating partners with excellent potential for mutual investments, creating win-win situation.

(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.

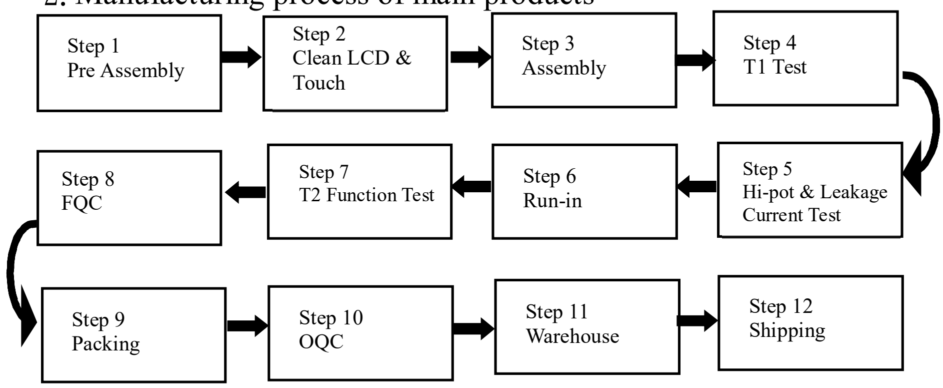
(II) Key applications of main products and manufacturing process

1. Key applications of main products

Product title	Key application
Physiological monitoring system	▪ Powerful computational performance and real-time graphical processing for medical needs ▪ Medical DICOM display ▪ OR/ICU/ER
Medical controller	▪ Fan-less and expansion card module design ▪ Greatly reduce the development time of medical equipment ▪ Greatly advance the marketing time of medical equipment
Long-term care system	▪ Provide WARD/LTC patients with entertainment and important health education information ▪ Significantly increase the efficiency of nursing staff ▪ Greatly increase patient satisfaction and reduce return visit rate
Mobile medical devices	▪ Communication tool for wheelchair users with impaired mobility ▪ Infra red eye-ball identification system

Product title	Key application
Mobile nursing care system	▪ Wireless cart for effortless pushing by nursing staff ▪ 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
Medical-grade power system	▪ Replaceable batteries for uninterrupted, 24/7 nursing care service ▪ Fast 1-minute installation
Customized medical computer design and manufacturing services	▪ Specialized in customized medical computer services ▪ One-stop full customization services from planning/design/testing/test production/production/customer service

2. Manufacturing process of main products



(III) Supply status of primary raw materials

Name of primary raw materials	Supply status
Peripheral cards	Delivery delayed due to COVID-19 pandemic
Liquid-crystal display	Delivery delayed due to COVID-19 pandemic
Metallic chassis	Good
Touch screen panel	Delivery delayed due to COVID-19 pandemic
Memory cards and modules	Good
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	2018				2019			
	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.	273,655	31.02	Parent company	AAEON Technology Inc.	287,063	33.38	Parent company
	Others	608,638	68.98	—	Others	572,991	66.62	—
	Net purchase	882,293	100	—	Net purchase	860,054	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 2018 and 2019, from which the Company purchases industrial motherboards. Increase in the amount purchased was mainly attributed to the need to prepare inventory for a particular project.

2. Main buyers

Unit: NTD thousands

Item	2018				2019			
	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	290,292	20.38	—	Company A	256,737	17.31	—
	Others	993,644	69.74	—	Others	1,226,207	82.69	—
	Net sales	1,424,672	100.00	—	Net sales	1,482,944	100.00	—

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

Explanation to variations:

Company A is one of the Company's ODM customers, which accounted for the largest percentage of sales in 2018 and 2019. Shipment to this particular customer decreased in 2019, resulting in lower sales revenues.

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

Unit: volume: pieces; value: NTD thousands

Year / Production volume/value / Main products	2018			2019		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Medical computing solutions and accessories	29,000	28,856	651,867	30,000	28,553	635,151
Others (Note)	–	–	–	–	–	–
Total (Note)	–	–	651,867	–	–	635,151

Note: Production volume excludes accessories and outsourced production. 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	2018				2019			
	Domestic Sales		Oversea Sales		Domestic Sales		Oversea Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Medical computing solutions and accessories	3,755	11,916	145,936	1,377,614	3,175	16,618	125,926	1,431,003
Others (Note)	–	96	–	35,046	–	58	–	35,265
Total (Note)	–	12,012	–	1,412,660	–	16,676	–	1,466,268

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		2018	2019	Up to the date of printing and publishing of this annual, March 31, 2020
Number of employees	Managers	10	12	12
	General employees	95	99	101
	Direct labor	14	18	22
	Total	119	129	135
Average age (years)		39.92	41.07	41.69
Average service years (year)		3.3	4.43	4.3
	Doctorate	0	0	0

Distribution of education experience	Master	30	32	33
	University or College-level	68	75	79
	High-school	21	22	23
	High-school or lower	0	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 monthly 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 (an occupational safety staff and a Class A occupational safety supervisor), which were reported to competent authority. We also established the Occupational safety and health committee to regularly review the promotion and outcomes of various occupational safety affairs.

C. Occupational safety and health management measures

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

D. Occupational safety and health education training

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

E. Monitoring of work environments

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

F. Facility safety management

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

G. Contractor management

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

H. Fire safety

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

(3) Welfare benefits

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

(4) Employee assistance

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

(5) Leaves and vacations

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

(6) Employee satisfaction survey

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

(7) Marriage, Funerals and Festivals

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

2. Retirement system and implementation status

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

3. Employee advancement and training status

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

4. Labor-management agreement

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

5. Protection of various employee benefits and rights

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

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

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

VI. Important contracts: 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

Item \ Year		Financial information in the past five years (Note 1)				
		2015	2016	2017	2018	2,019
Current Assets		468,051	1,157,990	1,051,127	1,150,423	776,699
Property, plant and equipment		19,979	19,099	21,021	27,157	23,781
Intangible Assets		—	588	1,378	966	553
Other Assets		8,306	11,240	54,430	26,656	577,853
Total Assets		496,336	1,188,917	1,127,956	1,205,202	1,378,886
Current Liabilities	Before allocation	144,416	265,103	218,027	247,405	288,720
	After allocation	230,487	392,423	348,075	377,453	(Note 2)
Total non-current liabilities		34,641	37,790	39,629	33,876	70,155
Total Liabilities	Before allocation	179,057	302,893	257,656	281,281	358,875
	After allocation	265,128	430,213	387,704	411,329	(Note 2)
Equity attributable to owners of the parent		317,279	886,024	870,300	907,992	1,007,930
Share capital		143,451	181,886	200,075	200,075	220,082
Capital surplus		5,594	473,856	473,856	473,856	473,856
Retained earnings	Before allocation	166,077	229,673	200,075	264,933	354,255
	After allocation	65,661	84,164	70,027	134,885	(Note 2)
Other Equity		2,157	609	(3,706)	(30,872)	(40,263)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	15,929	12,081
Total Equity	Before allocation	317,279	886,024	870,300	923,921	1,020,011
	After allocation	231,208	758,704	740,252	793,873	(Note 2)

Source: Based on audited financial statements

Note 1: The Company has adopted IFRS since 2015.

Note 2: 2019 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

Item \ Year		Financial information in the past five years (Note 1)				
		2015	2016	2017	2018	2019
Current Assets		431,085	1,079,913	908,962	1,009,156	616,517
Property, plant and equipment		16,892	15,669	18,566	21,076	19,602
Intangible Assets		—	588	1,378	966	553
Other Assets		36,617	69,215	132,310	123,402	678,113
Total Assets		484,594	1,165,385	1,061,216	1,154,600	1,314,785
Current Liabilities	Before allocation	132,785	237,469	151,388	212,778	240,952
	After allocation	218,856	364,789	281,436	342,826	(Note 2)
Total non-current liabilities		34,530	41,892	39,528	33,830	65,903
Total Liabilities	Before allocation	167,315	279,361	190,916	246,608	306,855
	After allocation	253,386	406,681	320,964	376,656	(Note 2)
Equity attributable to owners of the parent		317,279	886,024	870,300	907,992	1,007,930
Share capital		143,451	181,886	200,075	200,075	220,082
Capital surplus		5,594	473,856	473,856	473,856	473,856
Retained earnings	Before allocation	166,077	229,673	200,075	264,933	354,255
	After allocation	65,661	84,164	70,027	134,885	(Note 2)
Other Equity		2,157	609	(3,706)	(30,872)	(40,263)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total Equity	Before allocation	317,279	886,024	870,300	907,992	1,007,930
	After allocation	231,208	758,704	740,252	777,944	(Note 2)

Source: Based on audited financial statements

Note 1: The Company has adopted IFRS since 2015.

Note 2: 2019 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

Item \ Year	Financial information in the past five years (Note 1)				
	2015	2016	2017	2018	2019
Operating revenue	936,527	1,127,226	1,296,343	1,424,672	1,482,944
Gross Profit	336,517	490,620	434,901	464,582	542,644
Operating Income	142,637	210,364	160,271	181,657	236,626
Non-operating Income and Expenses	8,476	(9,752)	(17,187)	46,254	53,284
Profit before income tax	151,113	200,612	143,084	227,911	289,910
Income (Losses) from Continuing Operations for the year	119,327	164,012	115,911	191,395	235,529
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	119,327	164,012	115,911	191,395	235,529
Other comprehensive income for the year(Net of income tax)	730	(1,548)	(4,315)	(27,166)	(9,391)
Total comprehensive income for the year	120,057	162,464	111,596	164,229	226,138
Profit attributable to shareholders of the parent	119,327	164,012	115,911	194,906	239,377
Profit attributable to Non-controlling interests	—	—	—	(3,511)	(3,848)
Total comprehensive income attributable to shareholders of the parent	120,057	162,464	111,596	167,740	229,986
Total comprehensive income attributable to Non-controlling interests	—	—	—	(3,511)	(3,848)
Earnings per share	8.32	8.20	5.79	9.74	10.88

Source: Based on audited financial statements

Note 1: The Company has adopted IFRS since 2015.

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

Unit: NTD thousands

Item \ Year	Financial information in the past five years (Note 1)				
	2015	2016	2017	2018	2019
Operating revenue	842,870	993,577	978,466	1,074,717	1,157,701
Gross Profit	272,517	388,654	324,421	350,979	409,571
Operating Income	146,445	220,362	156,429	181,043	236,603
Non-operating Income and Expenses	3,309	(20,130)	(17,504)	46,377	50,567
Profit before income tax	149,754	200,232	138,925	227,420	287,170
Income (Losses) from Continuing Operations for	119,327	164,012	115,911	194,906	239,377
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	119,327	164,012	115,911	194,906	239,377
Other comprehensive income for the year(Net of income tax)	730	(1,548)	(4,315)	(27,166)	(9,391)
Total comprehensive income for the year	120,057	162,464	111,596	167,740	229,986
Profit attributable to shareholders of the parent	119,327	164,012	115,911	194,906	239,377
Profit attributable to Non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to	120,057	162,464	111,596	167,740	229,986
Total comprehensive income attributable to	—	—	—	—	—
Earnings per share	8.32	8.20	5.79	9.74	10.88

Source: Based on audited financial statements

Note 1: The Company has adopted IFRS since 2015.

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

Auditing Year	Name of accounting firm	Name of CPA	Opinions
2015	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Tseng Hui-Chin	Unqualified Opinion
2016	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Tseng Hui-Chin	Unqualified Opinion
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

II. Financial analysis for the last 5 years

(I) Financial analysis - IFRS

1. Consolidated financial analysis

Item (Note 2) \ Year		Financial analysis in the past five years				
		2015	2016	2017	2018	2019
Financial structure(%)	Ratio of liabilities to assets	36.08	25.48	22.84	23.34	26.03
	Ratio of long-term capital to Property, plant	1,761.45	4,836.98	4,328.67	3,526.89	4,584.19
Solvency(%)	Current ratio	324.10	436.81	482.11	465.00	269.01
	Quick ratio	239.28	375.90	393.92	388.60	203.65
	Times interest earned	2,652.11	3,289.72	2,236.69	1,123.71	230.54
Operating ability	Account receivable turnover (times)	6.69	6.04	6.25	6.30	6.92
	Days sales in accounts receivable	55	60	58	58	53
	Inventory turnover (times)	4.97	4.43	4.63	4.89	4.76
	Account payable turnover (times)	11.92	8.79	7.90	8.29	7.98
	Average days in sales	73	82	79	75	77
	Fixed Assets turnover (times)	46.50	57.69	64.62	59.14	58.23
	Total assets turnover (times)	2.14	1.34	1.12	1.22	1.15
Profitability	Ratio of return on total assets (%)	27.26	19.47	10.01	16.42	18.31
	Ratio of return on equity(%)	43.11	27.26	13.20	21.33	24.23
	Ratio of profit before tax to Paid-in capital (%)	105.34	110.30	71.52	113.91	131.73
	Profit ratio (%)	12.74	14.55	8.94	13.43	15.88
	Earnings per share ($)	8.32	10.35	5.79	9.74	10.88
Cash flow	Cash flow ratio(%)	91.43	77.08	53.12	68.75	130.39
	Cash flow adequacy ratio(%)	(註1)	(註1)	(註1)	120.78	153.44
	Cash reinvestment ratio(%)	24.04	12.20	(1.24)	3.95	40.48
Leverage	Degree of operating leverage	2.36	2.33	2.71	2.56	2.29
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.01

Variation of financial ratios in the last 2 years (not required for variations below 20%):
1. Long-term capital to fixed assets ratio increased: Mainly attributed to an increase in net shareholders' equity.

2. Current ratio and quick ratio decreased: Mainly attributed to the adoption of equity method for accounting equity investments. 3. Interest coverage ratio decreased: Mainly attributed to higher interest expenses from adopting IFRS 16. 4. EPS increased: Mainly attributed to profit growth in 2019. 5. Net profit margin and EPS increased: Mainly attributed to profit growth in 2019. 6. Cash flow ratio increased: Mainly attributed to strong profits and higher net cash inflow from operating activities. 7. Cash flow adequacy ratio: Mainly attributed to strong profits and higher net cash inflow from operating activities. 8. Cash flow reinvestment ratio increased: Mainly attributed to strong profits and higher net cash inflow from operating activities.

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

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

Item (Note 2)	Year	2015	2016	2017	2018	2019
		Financial analysis in the past five years				
Financial structure(%)	Ratio of liabilities to assets	34.53	23.97	17.99	21.36	23.34
	Ratio of long-term capital to Fixed Assets	2082.7	5,910.67	4,900.51	4,468.69	5,478.18
Solvency(%)	Current ratio	324.65	454.76	600.42	474.28	255.87
	Quick ratio	263.37	407.76	516.26	402.93	190.32
	Times interest earned	—	—	—	10,830.52	1,458.72
Operating ability	Account receivable turnover (times)	5.18	4.88	4.95	5.30	6.38
	Days sales in accounts receivable	71	75	74	69	57
	Inventory turnover (times)	6.77	6.11	5.44	5.04	4.68
	Account payable turnover (times)	11.84	9.72	9.4	8.65	7.35
	Average days in sales	54	60	67	72	78
	Fixed Assets turnover (times)	46.63	60.97	57.11	54.22	56.92
	Total assets turnover (times)	1.97	1.2	0.88	0.97	0.94
Profitability	Ratio of return on total assets (%)	27.83	19.88	10.41	17.59	19.40
	Ratio of return on equity(%)	43.11	27.26	13.2	21.92	24.99
	Ratio of profit before tax to Paid-in capital (%)	110.09	104.39	69.44	113.67	130.48
	Profit ratio (%)	14.16	16.51	1.85	18.14	20.68
	Earnings per share ($)	8.32	10.35	5.79	9.74	10.88
Cash flow	Cash flow ratio(%)	94.95	100.96	71.49	85.08	149.15
	Cash flow adequacy ratio(%)	(註1)	(註1)	(註1)	135.64	158.50
	Cash reinvestment ratio(%)	24.37	16.85	(1.83)	5.71	47.54
Leverage	Degree of operating leverage	1.9	1.77	2.03	1.94	1.72
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00

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

1. Long-term capital to fixed assets ratio increased: Mainly attributed to an increase in net shareholders' equity.
2. Current ratio and quick ratio decreased: Mainly attributed to the adoption of equity method for accounting equity investments.
3. Interest coverage ratio decreased: Mainly attributed to higher lease liabilities from adopting IFRS

16. 4. Receivables turnable increased: Mainly due to shorter cash collection days. 5. EPS increased: Mainly attributed to profit growth in 2019. 6. Net profit margin and EPS increased: Mainly attributed to profit growth in 2019. 7. Cash flow ratio increased: Mainly attributed to strong profits and higher net cash inflow from operating activities. 8. Cash flow reinvestment ratio increased: Mainly attributed to strong profits and higher net cash inflow from operating activities.

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

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 2019 business report, financial statements and earnings appropriation proposal prepared by the board of directors. The financial statements have been audited by CPA CHANG, SHU-CHIUNG and CPA LIN, CHUN - YAO 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.
2020 Annual General Meeting

Audit Committee convener: Chiang, Po-Wen

February 27, 2020

IV. Latest financial statements: please refer to pages 133 to 203.

V. The latest audited standalone financial statements: Please refer to pages 204 to 272.

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	2019	2018	Difference	
			Amount	%(Note 1)
Current assets	$776,699	$1,150,423	-373,724	-32.49%
Property, plant and equipment	23,781	27,157	-3,376	-12.43%
Intangible assets	553	966	-413	-42.75%
Other assets	577,853	26,656	551,197	2067.82%
Total assets	1,378,886	1,205,202	173,684	14.41%
Current liabilities	288,720	247,405	41,315	16.70%
Non-current liabilities	70,155	33,876	36,279	107.09%
Total liabilities	358,875	281,281	77,594	27.59%
Share capital	220,082	200,075	20,007	10.00%
Capital surplus	473,856	473,856	0	0.00%
Retained earnings	354,255	264,933	89,322	33.71%
Total equity	1,020,011	923,921	96,090	10.40%

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

1. Current assets decreased: Mainly attributed to the adoption of equity method for accounting equity investments.
2. Other assets increased: Mainly attributed to the adoption of equity method for accounting equity investments.
3. Non-current liabilities increased: Mainly attributed to higher sales proceeds received from customers in advance, which has been recognized as additional contractual liabilities.
4. Total liabilities increased: Mainly attributed to the adoption of IFRS, which increased lease liabilities and contractual liabilities.
5. Retained earnings increased: Mainly attributed to business growth and higher net income in 2019.

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	2019	2018	Amount change	Ratio change %(Note 1)
Operating revenues	$1,482,994	$1,424,672	58,322	4.09%
Operating costs	940,300	960,090	-19,790	-2.06%
Gross profit	542,644	464,582	78,062	16.80%
Operating expenses	306,018	282,925	23,093	8.16%
Operating profit	236,626	181,657	54,969	30.26%
Non-operating income and expenses	53,284	46,254	7,030	15.20%
Profit before income tax	289,910	227,911	61,999	27.20%
Income tax expenses	54,381	36,516	17,865	48.92%
Profit for the year	235,529	191,305	44,224	23.12%

Explanation of variations (variations above 20% and amounting to NT$10 million or higher):
1. Operating profit increased: Mainly attributed to improved revenues and profitability.
2. Pre-tax profit, income tax expense and net income increased: Mainly attributed to improved revenues and profitability.

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

Item \ Year	2019	2018	Variation	Variation (%)
Operating activities	376,453	170,088	206,365	121.33

Investing activities	(44,101)	(492,529)	448,428	(91.05)
Financing activities	(141,842)	(110,608)	(31,234)	28.24
Net cash inflow (outflow)	186,234	(431,009)	617,243	(143.21)
Analysis of cash flow variation: (1) Operating activities: Mainly attributed to revenue and profit growth in 2019. (2) Investing activities: Mainly attributed to an additional investment of NT$472,662,000 made in 2018.				

(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
408,555	207,850	(135,000)	481,405	—	—
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 activities: Net cash outflow was mainly attributed to office relocation. (3) Financing activities: Changes were mainly explained by payment of cash dividends. 2. Financing of projected cash deficits: not applicable.					

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

The Company did not incur any major capital expenditure in the last year.

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

(I) Investment policies of the Company

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

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

Unit: NTD thousands

Invested businesses	Investment gains (losses) recognized in 2019	Main causes of profit or loss incurred and improvement plans
ONYX HEALTHCARE USA, INC.	13,462	Sale of the Company's products in America has yielded favorable results.
ONYX HEALTHCARE EUROPE B.V.	2,636	Service income for distributing the Company's products in Europe.
Onyx Healthcare (Shanghai) Inc.	(15,199)	Intensive competition resulted in underwhelming profit. Business strategies will be adjusted to reduce future losses.
iHelper Inc.	(3,277)	This investment is still in the early stage of growth. Performance is expected to improve in the future.
Winmate Inc.	18,934	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$203,000 and NT$1,263,000 of interest expense in the last two years, representing 0.09% and 0.44% 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 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$3,433,000 and NT$(3,702,000) of exchange gains (losses) in the last two years, representing 0.24% and (0.25%) of operating revenues, respectively. Exchange gains/losses had arisen primarily from USD positions that the Company had held for purchases and sales. 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." Accounts receivable from subsidiaries amounted to US$137,800 as at the publication date of annual report, and due to the fact that it remained overdue and uncollected, the amount was reclassified into other receivables according to Interpretation No. (2004)-Ji-Mi-Zi-167 issued by Accounting Research and Development Foundation and simultaneously announced on April 30, 2019 in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

(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) The Company executes all derivative transactions in accordance with "Asset Acquisition and Disposal Procedures" in a conservative and cautious manner. The Company engages in derivative transactions primarily to hedge against exchange rate risks, and transacts only with financial institutions that are of good credit standing. Net gains (losses) from derivative trading in the last two

years were reported at NT$(2,170,000) and NT$(1,178,000), respectively, and did not pose any material adverse impact to financial position.

(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% of the annual revenue

Unit: NTD thousands

Year	2015	2016	2017	2018	2019
R&D budget	46,099	62,718	68,773	66,154	68,973

(2) Projected R&D budget for 2020: NT$ 82 million

A. Medical AI edge computing technology: NT$ 10 million

B. Operating room integrated output technology: NT$ 10 million

C. Integrated solution for mobile nursing care: NT$ 10 million

D. Medical sensing technology: NT$ 2 million

E. Remote management and update technology for medical workstations: NT$ 10 million

F: Medical AI platform: NT$ 10 million

G. Medical mobile power station and high battery life technology: NT$ 10 million

H. AIoT: NT$ 10 million

I. Outdoor emergency care aids and machine self-diagnostic technology: NT$ 10 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 17.31% of the Company's net sales in the most recent year, and no excessive sales concentration was noticed.

2. Purchases

AAEON Technology Inc. was the largest supplier in the most recent year, representing 33.38% of the Company's net purchases. The supplier mainly provides industrial motherboards. Due to the fact that most of the Company's products are customized, a decision was made to source supplies primarily from this supplier for quality control. In the meantime, the Company is evaluating and establishing relationship with other suppliers to improve both flexibility and stability of future supply. Some parts suppliers have encountered production postponement, supply shortage and shipment delay this year due to the pandemic, but there has been no supply disruption that impacted the Company's business activities

(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. Through internal and external audits, there were no major deficiencies identified in 2019.

(2)Information security and network risks

The methods of internet-based attacks are ever evolving. A good information system should avoid internet attacks through e-mails, phishing scams or denial of service attacks, which will result in production and operation interruption and data leakage.Therefore, we are actively engaged in the strengthening of our information security system. We implement measures such as firewalls, e-mail filters, operation system updates and deployment of antivirus software to reduce and control relevant internet risks.

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.

(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.

There are no major information security events in the current year.

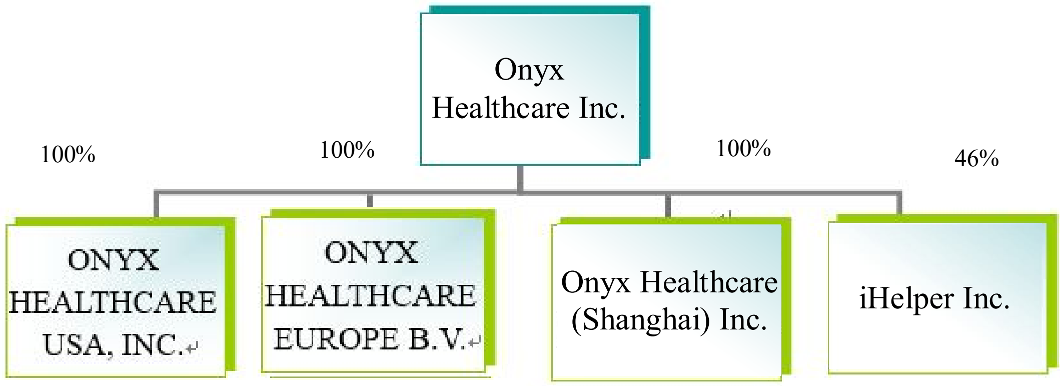
VII. Other material issues: None.

EIGHT Special remarks

I. Affiliated enterprises

(I) Consolidated business report

1. Affiliated enterprises chart



2. Profile of affiliated companies

December 31, 2019
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	59,960	Sale of medical computing solutions and accessories
ONYX HEALTHCARE EUROPE B.V.	2012.4.20	Primulalaan 42,5582 GL Waalre,The Netherlands	3,359	Sale of medical computing solutions and accessories
Onyx Healthcare (Shanghai) Inc.	2014.9.15	20F, unit D, GEM Building, No.487 Tianlin Road, Shanghai,China	59,960	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	Sale 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, 2019

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.-Shen, Shi-Rong	1,584	44%
	Director	Onyx Healthcare Inc.- Chuang, Yung-Shun	1,656	46%
	Director & President	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
	Director	Lee, Tsu-Der	–	–
	Supervisor	Xi, Zhi-Jun	–	–

Note: Limited liability company

6. Performance of affiliated companies

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.	59,960	155,916	65,687	90,229	602,542	17,951	13,462	Note
ONYX HEALTHCARE EUROPE B.V.	3,359	27,908	14,201	13,707	56,271	3,461	2,636	Note
ONYX HEALTHCARE (SHANGHAI) LTD.	57,768	21,728	13,276	8,452	7,251	(14,276)	(15,199)	Note
IHELPER INC.	36,000	24,287	1,914	22,373	797	(7,113)	(7,125)	(1.98)

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 2019. 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 133.

(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 of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Onyx Healthcare Inc.
Representative: Yung-Shun Chuang
February 27, 2020

pwc 資誠

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Onyx Healthcare Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Onyx Healthcare Inc. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

pwc 資誠

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Existence of revenue from new top 10 significant customers

Description

Refer to Note 4(28) for the accounting policy on revenue recognition and Note 6(16) for details of operating revenue.

The Group is primarily engaged in the design, manufacture and trade of medical computers and its peripherals. The list of top 10 significant customers of the Group may be varied since the orders of product project are subject to the project cycle of customer's product and the Group needs to focus on developing new markets and undertaking new project orders. Additionally, the revenue from the new top 10 significant customers for 2019 are material to the consolidated operating revenue of the current period as compared to the top 10 significant customers for 2018. Thus, we considered the existence of revenue from the new top 10 significant customers as a key audit matter.

pwc 資誠

How our audit addressed the matter:

We performed the following audit procedures on the key audit matter mentioned above:

1. Assessed the revenue cycle and performed tests to ascertain whether the Group's revenue process was conducted in accordance with the internal control procedures during the reporting period.
2. Verified the related industry background information in respect of the new top 10 significant customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the new top 10 significant customers.

Accounting estimates on inventory valuation

Description

Refer to Note 4(12) for the accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(4) for details of inventories.

The Group is primarily engaged in the design, manufacture and trade of medical computers and its peripherals. Some products or spare parts of medical computers have relatively longer shelf life due to the long-term customers' demand of supply and maintenance as the product cycle of medical computer is longer. However, there is a higher risk of inventory losses due from market value decline or obsolescence if the customers adjust their orders, market condition was overestimated which may cause the fluctuation of product price or overestimation of inventory clearance. The Group measures inventory at the lower of cost and net realisable value. Inventories that are over a certain age and individually identified as obsolete inventory are individually assessed and the related losses are recognised based on the policy on allowance for inventory valuation loss.

The base stock for inventories is determined based on the sales market and development strategy. As the medical computer is the main product of the Group and the amounts of inventories are significant, and the determination of net realisable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty, we consider estimation of the allowance for inventory valuation losses as a key audit matter.

pwc 資誠

How our audit addressed the matter:

We performed the following audit procedures on the key audit matter mentioned above:

1. Obtained an understanding of the Group's operations and industry and assessed the reasonableness of the policy on allowance for inventory valuation losses.
2. Reviewed the details of obsolete inventory individually identified by the management and verified against the related supporting documents.
3. Tested the basis of market value used in calculating the net realisable value of individual inventory and validated the accuracy of its calculation.

Other matter – Scope of the Audit

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of the investees accounted for using equity method was NT$505,586 thousand, constituting 37% of consolidated total assets as of December 31, 2019, and comprehensive income of the investees was NT$19,648 thousand,constituting 9% of consolidated total comprehensive income for the year ended. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Onyx Healthcare Inc. as at and for the years ended December 31, 2019 and 2018.

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

pwc 資誠

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

pwc 資誠

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Shu-Chiung

Chang, Shu - Chiung

Lin, Chun-Yao

Lin, Chun - Yao

For and on behalf of PricewaterhouseCoopers, Taiwan
February 27, 2020

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

	Assets	Notes	December 31, 2019 AMOUNT		%	December 31, 2018 AMOUNT		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	408,555	29	$	222,321	19
1110	Financial assets at fair value through profit or loss - current	6(2)		9,988	1		483,128	40
1150	Notes receivable, net	6(3)		-	-		50	-
1170	Accounts receivable, net	6(3)		161,306	12		239,575	20
1180	Accounts receivable - related parties	7		2,462	-		9,741	1
1200	Other receivables			3,243	-		3,907	-
130X	Inventory	6(4)		174,343	13		172,240	14
1410	Prepayments			14,364	1		16,758	1
1470	Other current assets	8		2,438	-		2,703	-
11XX	**Total current assets**			776,699	56		1,150,423	95
	Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(2)		33,869	3		-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(5)		2,381	-		10,350	1
1550	Investments accounted for under equity method	6(6)		505,586	37		-	-
1600	Property, plant and equipment	6(7)		23,781	2		27,157	3
1755	Right-of-use assets	6(8)		19,608	1		-	-
1780	Intangible assets			553	-		966	-
1840	Deferred income tax assets	6(21)		14,003	1		13,876	1
1900	Other non-current assets			2,406	-		2,430	-
15XX	**Total non-current assets**			602,187	44		54,779	5
1XXX	**Total assets**		$	1,378,886	100	$	1,205,202	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(9)	$ -	-	$ 1	-
2130	Current contract liabilities	6(16)	32,009	2	31,459	3
2150	Notes payable		-	-	724	-
2170	Accounts payable		53,493	4	94,957	8
2180	Accounts payable - related parties	7	67,413	5	16,788	1
2200	Other payables	6(10) and 7	76,480	6	65,559	5
2230	Current income tax liabilities		33,429	2	27,305	2
2250	Provisions for liabilities - current	6(12)	8,742	1	8,623	1
2280	Current lease liabilities	7	13,283	1	-	-
2300	Other current liabilities		3,871	-	1,989	-
21XX	**Total current liabilities**		288,720	21	247,405	20
	Non-current liabilities					
2527	Non-current contract liabilities	6(16)	61,098	4	30,881	3
2550	Provisions for liabilities - non-current	6(12)	2,365	-	2,938	-
2570	Deferred income tax liabilities	6(21)	60	-	57	-
2580	Non-current lease liabilities	7	6,632	1	-	-
25XX	**Total non-current liabilities**		70,155	5	33,876	3
2XXX	**Total Liabilities**		358,875	26	281,281	23
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Share capital - common stock		220,082	16	200,075	17
	Capital surplus	6(14)				
3200	Capital surplus		473,856	34	473,856	39
	Retained earnings	6(15)				
3310	Legal reserve		78,010	6	58,519	5
3350	Unappropriated retained earnings		276,245	20	206,414	17
	Other equity interest					
3400	Other equity interest		(40,263)	(3)	(30,872)	(2)
31XX	**Equity attributable to owners of the parent**		1,007,930	73	907,992	76
36XX	**Non-controlling interest**	4(3)	12,081	1	15,929	1
3XXX	**Total equity**		1,020,011	74	923,921	77
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,378,886	100	$ 1,205,202	100

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
			Year ended December 31			
4000	**Sales revenue**	6(16) and 7	$ 1,482,944	100	$ 1,424,672	100
5000	**Operating costs**	6(4)(19)(20) and 7	(940,300)	(63)	(960,090)	(67)
5900	**Net operating margin**		542,644	37	464,582	33
	Operating expenses	6(19)(20) and 7				
6100	Selling expenses		(157,063)	(10)	(154,412)	(11)
6200	General and administrative expenses		(68,559)	(5)	(61,891)	(4)
6300	Research and development expenses		(68,973)	(5)	(66,154)	(5)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(11,423)	(1)	(468)	-
6000	**Total operating expenses**		(306,018)	(21)	(282,925)	(20)
6900	**Operating profit**		236,626	16	181,657	13
	Non-operating income and expenses					
7010	Other income	6(17)	5,043	1	24,291	2
7020	Other gains and losses	6(18)	30,570	2	22,166	1
7050	Finance costs		(1,263)	-	(203)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method		18,934	1	-	-
7000	**Total non-operating income and expenses**		53,284	4	46,254	3
7900	**Profit before income tax**		289,910	20	227,911	16
7950	Income tax expense	6(21)	(54,381)	(4)	(36,516)	(2)
8200	**Profit for the year**		$ 235,529	16	$ 191,395	14

(Continued)

	Items	Notes	Year ended December 31 2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(5)	($ 7,969)	(1)	($ 28,984)	(2)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method		790	-	-	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		(7,179)	(1)	(28,984)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange difference on translation		(2,689)	-	2,105	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(76)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)	553	-	(287)	-
8360	**Other comprehensive (loss) income that will be reclassified to profit or loss**		(2,212)	-	1,818	-
8300	**Other comprehensive loss**		($ 9,391)	(1)	($ 27,166)	(2)
8500	**Total comprehensive income**		$ 226,138	15	$ 164,229	12
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 239,377	16	$ 194,906	14
8620	Non-controlling interest		(3,848)	-	(3,511)	-
			$ 235,529	16	$ 191,395	14
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 229,986	15	$ 167,740	12
8720	Non-controlling interest		(3,848)	-	(3,511)	-
			$ 226,138	15	$ 164,229	12
	Earnings per share					
9750	**Basic earnings per share**	6(22)	$ 10.88		$ 8.86	
9850	**Diluted earnings per share**	6(22)	$ 10.82		$ 8.81	

	Notes									
2018										
Balance at January 1, 2018		$ 200,075	$ 473,856	$ 46,928	$ 153,147	($ 3,706)	$ -	$ 870,300	$ -	$ 870,300
Profit for the year, net of tax		-	-	-	194,906	-	-	194,906	(3,511)	191,395
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	1,818	(28,984)	(27,166)	-	(27,166)
Total comprehensive income (loss) for the year		-	-	-	194,906	1,818	(28,984)	167,740	(3,511)	164,229
Appropriation and distribution of 2017 retained earnings:	6(15)									
Legal reserve		-	-	11,591	(11,591)	-	-	-	-	-
Cash dividends		-	-	-	(130,048)	-	-	(130,048)	-	(130,048)
Change in non-controlling interests - effect of capital increase of subsidiaries		-	-	-	-	-	-	-	19,440	19,440
Balance at December 31, 2018		$ 200,075	$ 473,856	$ 58,519	$ 206,414	($ 1,888)	($ 28,984)	$ 907,992	$ 15,929	$ 923,921
2019										
Balance at January 1, 2019		$ 200,075	$ 473,856	$ 58,519	$ 206,414	($ 1,888)	($ 28,984)	$ 907,992	$ 15,929	$ 923,921
Profit for the year, net of tax		-	-	-	239,377	-	-	239,377	(3,848)	235,529
Other comprehensive loss for the year	6(5)	-	-	-	-	(2,212)	(7,179)	(9,391)	-	(9,391)
Total comprehensive income (loss) for the year		-	-	-	239,377	(2,212)	(7,179)	229,986	(3,848)	226,138
Appropriation and distribution of 2018 retained earnings:	6(15)									
Legal reserve		-	-	19,491	(19,491)	-	-	-	-	-
Cash dividends		-	-	-	(130,048)	-	-	(130,048)	-	(130,048)
Stock dividends	6(13)	20,007	-	-	(20,007)	-	-	-	-	-
Balance at December 31, 2019		$ 220,082	$ 473,856	$ 78,010	$ 276,245	($ 4,100)	($ 36,163)	$ 1,007,930	$ 12,081	$ 1,020,011

	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 289,910	$ 227,911
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(19)	27,187	12,981
Amortisation	6(19)	413	413
Expected credit loss	12(2)	11,423	468
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(9)(18)	(34,272)	(18,877)
Interest expense		784	-
Interest income	6(17)	(1,448)	(1,546)
Dividend income	6(17)	(729)	(22,540)
Share of profit of associates accounted for using equity method		(18,934)	-
Loss on disposals of property, plant and equipment	6(7)(18)	-	144
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(131)	6,834
Notes receivable		50	6,247
Accounts receivable		67,320	(47,453)
Accounts receivable due from related parties		7,279	(9,669)
Other receivables		664	580
Inventories		(2,103)	1,942
Prepayments		2,394	1,342
Other current assets		243	(797)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(1,246)	1,761
Contract liabilities		30,677	(612)
Notes payable		(724)	-
Accounts payable		(41,464)	37,192
Accounts payable - related parties		50,625	(41,034)
Other payables		9,030	11,175
Other payables to related parties		(76)	209
Provisions		(454)	1,872
Other current liabilities		1,972	696
Cash inflow generated from operations		398,390	169,239
Interest received		1,448	1,546
Dividends received		25,039	22,540
Interest paid		(784)	-
Income taxes paid		(47,640)	(23,237)
Net cash flows from operating activities		376,453	170,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(34,656)	(472,662)
Decrease (increase) in restricted assets		22	(28)
Acquisition of investments accounted for using equity method		(673)	-
Acquisition of property, plant and equipment	6(24)	(8,818)	(19,416)
Decrease (increase) in refundable deposits		24	(423)
Net cash flows used in investing activities		(44,101)	(492,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of lease principal		(11,794)	-
Cash dividends paid	6(15)	(130,048)	(130,048)
Change in non-controlling interests - effect of capital increase of subsidiaries		-	19,440
Net cash flows used in financing activities		(141,842)	(110,608)
Effect of exchange rate changes		(4,276)	2,040
Net increase (decrease) in cash and cash equivalents		186,234	(431,009)
Cash and cash equivalents at beginning of year	6(1)	222,321	653,330
Cash and cash equivalents at end of year	6(1)	$ 408,555	$ 222,321

ONYX HEALTHCARE INC. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Onyx Healthcare Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on February 2, 2010. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design, manufacture and trade of medical computers and its peripherals. AAEON TECHNOLOGY INC. holds 50% equity interest in the Company. ASUSTEK COMPUTER INC. is the Group's ultimate parent company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on February 24, 2020.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets).

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' both by $29,812 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

   (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

   (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

   (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $311 was recognised for the year ended December 31, 2019.

   (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate ranging from 1.8% to 5.25%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	35,726
Less: Short-term leases	(	4,467)
Less: Low-value assets	(	74)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	31,185
Incremental borrowing interest rate at the date of initial application		1.8%~5.25%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	29,812

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
The Company	ONYX HEALTHCARE USA, INC. (OHU)	Sales of medical computer and its peripherals	100	100	
The Company	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical computers and its peripherals	100	100	
The Company	ONYX HEALTHCARE (SHANGHAI) LTD. (OCI)	Sales of medical computers and its peripherals	100	100	
The Company	IHELPER INC. (IHELPER)	Research and development and sales of medical robots	46	46	Note

Note: The subsidiary was included in the consolidated financial statements as the Company had control over the finance, operations and personnel affairs of the subsidiary, even though the aggregate shareholding was less than 50%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of December 31, 2019 and 2018, the non-controlling interest amounted to $12,081 and $15,929, respectively, and there is no non-controlling interest that is material to the Group.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above, mature within three months since the date of acquisition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are provided in Note 6(7).

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(17) Intangible assets

Intangible assets, mainly computer software cost, are amortised on a straight-line basis over their estimated useful lives of 3 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions (warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells medical computers and its peripherals. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Warranty revenue

The unearned warranty revenue arising from extended warranty services offered by the Group is transferred to warranty revenue over the remaining services period.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Information on critical accounting judgements, estimates and key sources of assumption uncertainty is as follows:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the carrying amount of inventories was $174,343.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 303	$ 391
Checking accounts and demand deposits	368,252	186,573
Time deposits	40,000	35,357
	$ 408,555	$ 222,321

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group classified cash and cash equivalents that were pledged as collateral for forward exchange contracts as other financial assets (shown as other current assets). Refer to Note 8 for the related information.

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

	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 9,107	$ 472,662
Derivative instruments		
Forward exchange contracts	77	31
Cross currency swap	177	26
Valuation adjustment	627	10,409
	$ 9,988	$ 483,128
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 30,000	$ -
Valuation adjustment	3,869	-
	$ 33,869	$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 35,450	$ 21,047
Hybrid instruments	67	(409)
	$ 35,517	$ 20,638

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2019	
Derivative instruments	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts - Buy NTD / Sell USD	US $ 200,000	2019.12.4~2020.1.3
Cross currency swap - Buy NTD / Sell USD	US $ 500,000	2019.12.4~2020.1.3

Derivative instruments	December 31, 2018 Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts - Buy NTD / Sell USD	US $	200,000	2018.12.11~2019.1.10
"	US $	200,000	2018.12.24~2019.1.23
Cross currency swap - Buy NTD / Sell USD	US $	500,000	2018.12.18~2019.1.22

C. The Group entered into forward exchange contracts and cross currency swap contracts to sell forward foreign exchange and to exchange rates between foreign currencies to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and cross currency swap contracts are not accounted for under hedge accounting.

D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ -	$ 50
Accounts receivable	$ 174,626	$ 241,946
Less: Allowance for uncollectible accounts	(13,320)	(2,371)
	$ 161,306	$ 239,575

A. The ageing analysis of accounts receivable (including related parties) and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 126,961	$ -	$ 194,126	$ 50
Up to 30 days	34,518	-	48,428	-
31 to 60 days	2,425	-	4,215	-
61 to 90 days	423	-	1,617	-
91 to 120 days	-	-	671	-
Over 120 days	12,761	-	2,630	-
	$ 177,088	$ -	$ 251,687	$ 50

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts receivable (including related parties) and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables (including related parties) and loss allowance from contracts with customers amounted to $200,862 and $1,895, respectively.

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was $0 and $50, $161,306 and $239,575, respectively.

D. The Group did not hold any collateral as security against accounts receivable (including related parties) and notes receivable.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2019		
	Cost	Allowance for obsolete and slow-moving inventories and valuation loss	Book value
Raw materials	$ 78,692	($ 4,216)	$ 74,476
Work in progress	19,434	(80)	19,354
Semi-finished goods	52,803	(6,896)	45,907
Finished goods	46,492	(11,886)	34,606
	$ 197,421	$ (23,078)	$ 174,343

	December 31, 2018		
	Cost	Allowance for obsolete and slow-moving inventories and valuation loss	Book value
Raw materials	$ 67,110	($ 4,561)	$ 62,549
Work in progress	32,540	(576)	31,964
Semi-finished goods	44,827	(5,406)	39,421
Finished goods	49,507	(11,276)	38,231
Inventory in transit	75	-	75
	$ 194,059	($ 21,819)	$ 172,240

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	$ 923,086	$ 935,268
Loss on obsolete and slow-moving inventories and decline in market value	9,359	11,367
Cost of services and warranty	7,855	13,455
	$ 940,300	$ 960,090

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

	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	$ 39,334	$ 39,334
Valuation adjustment	(36,953)	(28,984)
	$ 2,381	$ 10,350

A. The Group has elected to classify investments in the stock of MELTEN CONNECTED HEALTHCARE INC. that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,381 and $10,350 as at December 31, 2019 and 2018, respectively.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 7,969)	($ 28,984)

(6) Investments accounted for using equity method

	December 31, 2019	
Name of associate	Shareholding ratio	Carrying amount
WINMATE INC. (WINMATE) (Note)	12.97%	$ 505,586

Note: The Group owned less than 20 percent of the voting power of WINMATE. However, the investee was accounted for using the equity method as the Company acted as its director, which gave it significant influence over the investee.

A. The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	WINMATE
	December 31, 2019
Current assets	$ 1,458,446
Non-current assets	1,032,866
Current liabilities	(321,092)
Non-current liabilities	(10,647)
Total net assets	$ 2,159,573
Share in associate's net assets	$ 280,129
Goodwill	225,457
Carrying amount of the associate	$ 505,586

Statement of comprehensive income

	WINMATE
	Year ended December 31, 2019
Revenue	$ 1,666,155
Profit for the year	241,183
Other comprehensive income, net of tax	9,090
Total comprehensive income	$ 250,273
Dividends received from associate	$ 24,310

B. The fair value of the Group's material associate with quoted market price is as follows:

	December 31, 2019
WINMATE	$ 514,965

(7) Property, plant and equipment

	2019					
	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 12,518	$ 8,177	$ 12,173	$ 60,849	$ -	$ 93,717
Accumulated depreciation	(9,300)	(5,820)	(7,859)	(43,581)	-	(66,560)
	$ 3,218	$ 2,357	$ 4,314	$ 17,268	$ -	$ 27,157
Opening net book amount as at January 1	$ 3,218	$ 2,357	$ 4,314	$ 17,268	$ -	$ 27,157
Additions	757	572	1,375	4,242	3,839	10,785
Reclassifications	61	-	-	2,118	(2,179)	-
Depreciation charge	(1,280)	(1,089)	(2,793)	(9,108)	-	(14,270)
Net exchange differences	-	203	-	(94)	-	109
Closing net book amount as at December 31	$ 2,756	$ 2,043	$ 2,896	$ 14,426	$ 1,660	$ 23,781
At December 31						
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)
	$ 2,756	$ 2,043	$ 2,897	$ 14,425	$ 1,660	$ 23,781

	2018					
	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 9,833	$ 7,987	$ 6,587	$ 53,372	$ -	$ 77,779
Accumulated depreciation	(7,848)	(4,989)	(6,469)	(37,452)	-	(56,758)
	$ 1,985	$ 2,998	$ 118	$ 15,920	$ -	$ 21,021
Opening net book amount as at January 1	$ 1,985	$ 2,998	$ 118	$ 15,920	$ -	$ 21,021
Additions	1,215	512	4,164	4,241	9,165	19,297
Reclassifications	1,470	-	1,422	6,273	(9,165)	-
Disposals	-	(27)	-	(117)	-	(144)
Depreciation charge	(1,452)	(1,152)	(1,390)	(8,987)	-	(12,981)
Net exchange differences	-	26	-	(62)	-	(36)
Closing net book amount as at December 31	$ 3,218	$ 2,357	$ 4,314	$ 17,268	$ -	$ 27,157
At December 31						
Cost	$ 12,518	$ 8,177	$ 12,173	$ 60,849	$ -	$ 93,717
Accumulated depreciation	(9,300)	(5,820)	(7,859)	(43,581)	-	(66,560)
	$ 3,218	$ 2,357	$ 4,314	$ 17,268	$ -	$ 27,157

The information on significant components and useful lives of the property, plant and equipment is as follow:

Items	Significant components	Useful lives
Machinery	Oscilloscope, suspensory burn-in equipment and automated streamline workstation, etc.	3~4 years
Office equipment	Server host, etc.	3 years
Leasehold improvements	Construction for plant expansion and renovation, etc.	2 years
Other equipment	Front and back cover mold, repair mold and sizing mold, etc.	2~5 years

A. The abovementioned property, plant and equipment are assets for its own use.

B. The Group has no borrowing costs capitalised as part of property, plant and equipment.

C. The Group has no property, plant and equipment pledged to others.

(8) Lease transactions - lessee

Effective 2019

A. The Group leases various assets including buildings, transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise some buildings and transportation equipment. Low-value assets comprise office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings	$ 16,952	$ 12,046
Transportation equipment	1,982	719
Office equipment	674	152
	$ 19,608	$ 12,917

D. For the year ended December 31, 2019, the addition to right-of-use assets was $3,032.

E. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 785
Expense on short-term lease contracts	5,972
Expense on leases of low-value assets	25

F. For the year ended December 31, 2019, the Group's total cash outflow for leases was $18,576.

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

	December 31, 2019	December 31, 2018
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ -	$ 1

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	Years ended December 31,	
	2019	2018
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	$ 1,245	$ 1,761

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

	December 31, 2019	
Derivative financial liabilities	Contract amount (Notional principal)	Contract period
Current items:		
Cross currency swap -		
Buy NTD / Sell USD	US $ 500,000	2019.12.18~2020.1.20

	December 31, 2018	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward exchange contracts -		
Buy NTD / Sell USD	US $ 200,000	2018.12.5~2019.1.4

C. The Group entered into forward exchange contracts and cross currency swap contracts to sell forward foreign exchange and to exchange rates between foreign currencies to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and cross currency swap contracts are not accounted for under hedge accounting.

(10) Other payables

	December 31, 2019	December 31, 2018
Wages and salaries payable	$ 28,811	$ 27,539
Employees' compensation and directors' remuneration payable	22,800	17,850
Other payables	24,869	20,170
	$ 76,480	$ 65,559

(11) Pensions

A. The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. OHU currently has a company-sponsored personal pension plan. The contributions to the retirement fund for each voluntary employee are the responsibility of both the company and employees. OHU contributes 3% of the employees' salaries and wages. However, if the employee's self-contribution is less than that, the contribution by OHU shall not be higher than the portion that the employees contribute.

C. OCI has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, OCI has no further obligations.

D. ONI contributes pension under local regulations.

E. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $5,422 and $5,274, respectively.

(12) Provisions

	2019	2018
	Warranty	Warranty
At January 1	$ 11,561	$ 9,689
Additional provisions	8,165	9,648
Used and reversed during the year	(8,619)	(7,776)
At December 31	$ 11,107	$ 11,561

Analysis of total provisions:

	December 31, 2019	December 31, 2018
Current	$ 8,742	$ 8,623
Non-current	$ 2,365	$ 2,938

The Group provides warranties on medical computer products sold. Provision for warranty is estimated based on historical warranty data of medical computer products.

(13) Share capital

A. The Company issued 2,001 thousand new shares through capitalization of retained earnings of $20,007 as resolved by the shareholders during their meetings in May 2019. The registration of the capital increase was completed in September 2019.

B. As of December 31, 2019, after the abovementioned capital increase, the Company's authorised and paid-in capital were $500,000 and $220,082, consisting of 22,008 thousand shares of ordinary stock, respectively, with a par value of NT$ 10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
At January 1	20,007	20,007
Stock dividends	2,001	-
At December 31	22,008	20,007

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's net profits after tax, if any, shall first be used to offset prior years' operating losses (including adjusted undistributed profits) and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years (including adjusted undistributed profits) shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. Dividends to shareholders shall not be less than 5% of distributable earnings.

Cash dividends shall account for at least 10% of the total cash and stock dividends distributed at the current year. If cash dividends are lower than NT$0.1 (in dollars) per share, stock dividends will be issued instead.

The Company adopted a residual dividend policy which take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, along with shareholders' interests and the balanced distribution of dividends and long-term financial plans of the Company, etc.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2018 and 2017 as resolved by the shareholders during their meetings on May 29, 2019 and 2018, respectively, are as follows:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 19,491		$ 11,591	
Cash dividends	130,048	$ 6.5	130,048	$ 6.5
Stock dividends	20,007	1.0	-	-
	$ 169,546		$ 141,639	

The abovementioned distribution of earnings for 2018 and 2017 was in agreement with those amounts proposed by the Board of Directors.

E. The appropriation of earnings for 2019 as proposed by the Board of Directors on February 24, 2020 is as follows:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 23,938	
Special reserve	40,263	
Cash dividends	132,049	$ 6.0
Stock dividends	55,020	2.5
	$ 251,270	

As of February 24, 2020, the abovementioned appropriation of earnings for 2019 has not yet been resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(20).

(16) Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	$ 1,482,944	$ 1,424,672

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Medical computer			Service and warranty		
2019	Taiwan	US	Others	Taiwan	US	Total
Revenue from external customer contracts	$ 819,223	$ 595,180	$ 33,218	$ 27,988	$ 7,335	$ 1,482,944
Timing of revenue recognition						
At a point in time	$ 819,223	$ 595,180	$ 33,218	$ 10,889	$ 6,906	$ 1,465,416
Over time	-	-	-	17,099	429	17,528
	$ 819,223	$ 595,180	$ 33,218	$ 27,988	$ 7,335	$ 1,482,944

2018	Medical computer Taiwan	Medical computer US	Medical computer Others	Service and warranty Taiwan	Service and warranty US	Total
Revenue from external customer contracts	$ 817,652	$ 552,039	$ 19,341	$ 21,396	$ 14,244	$ 1,424,672
Timing of revenue recognition						
At a point in time	$ 817,652	$ 552,039	$ 19,341	$ 7,798	$ 14,244	$ 1,411,074
Over time	-	-	-	13,598	-	13,598
	$ 817,652	$ 552,039	$ 19,341	$ 21,396	$ 14,244	$ 1,424,672

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Current contract liabilities:			
Sales contract	$ 13,225	$ 11,047	$ 10,243
Warranty contract	18,784	20,412	15,560
Non-current contract liabilities:			
Sales contract	34,454	-	-
Warranty contract	26,644	30,881	37,149
	$ 93,107	$ 62,340	$ 62,952

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31, 2019	Years ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales contract	$ 6,891	$ 3,546
Warranty contract	17,528	13,598
	$ 24,419	$ 17,144

(c) Unfulfilled long-term warranty contracts

Aggregate amount of the transaction price allocated to long-term warranty consulting contracts that are partially or fully unsatisfied as at December 31, 2019 and 2018 amounted to $45,428 and $51,293, respectively. Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2019 and 2018 will be recognised as revenue amounting to $18,784 and $20,412, respectively, within one year. The remaining will be recognised within two to three years. The amount disclosed above does not include variable consideration which is constrained.

(17) Other income

	Years ended December 31, 2019	Years ended December 31, 2018
Interest income:		
Interest income from bank deposits	$ 1,441	$ 1,522
Other interest income	7	24
Total interest income	1,448	1,546
Dividend income	729	22,540
Other income	2,866	205
	$ 5,043	$ 24,291

(18) Other gains and losses

	Years ended December 31, 2019	Years ended December 31, 2018
Net gains on financial assets and liabilities at fair value through profit or loss	$ 34,272	$ 18,877
Net foreign exchange (losses) gains	(3,702)	3,433
Losses on disposals of property, plant and equipment	-	(144)
	$ 30,570	$ 22,166

(19) Expenses by nature

	Years ended December 31, 2019	Years ended December 31, 2018
Employee benefit expense	$ 222,864	$ 211,349
Depreciation charges on property, plant and equipment	14,270	12,981
Depreciation charges on right-of-use asset	12,917	-
Amortisation charges	413	413
	$ 250,464	$ 224,743

(20) Employee benefit expense

	Years ended December 31, 2019	Years ended December 31, 2018
Wages and salaries	$ 202,339	$ 191,737
Labour and health insurance fees	13,231	12,992
Pension costs	5,422	5,274
Other personnel expenses	1,872	1,346
	$ 222,864	$ 211,349

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $17,000 and $15,000, respectively; while directors' remuneration was accrued at $2,400 for both years. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on the percentage as prescribed by the Company's Articles of Incorporation of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' remuneration resolved by the Board of Directors were $17,000 and $2,400, respectively, and will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2018 amounting to $15,000 and $2,400, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements, and were distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 53,226	$ 39,872
Tax on undistributed surplus earnings	1,268	-
Prior year income tax overestimation	(542)	(2,203)
Total current tax	53,952	37,669
Deferred tax:		
Origination and reversal of temporary differences	429	1,495
Impact of change in tax rate	-	(2,648)
Total deferred tax	429	(1,153)
Income tax expense	$ 54,381	$ 36,516

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2019	Years ended December 31, 2018
Currency translation differences	($ 553)	$ 421
Impact of change in tax rate	-	(134)
	($ 553)	$ 287

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2019	Years ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate (note)	$ 64,022	$ 49,486
Tax exempt income by tax regulation	(10,367)	(8,119)
Prior year income tax overestimation	(542)	(2,203)
Effect from changes in tax regulation	-	(2,648)
Tax on undistributed earnings	1,268	-
Income tax expenses	$ 54,381	$ 36,516

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Warranty provisions	$ 2,312	($ 91)	$ -	$ 2,221
Allowance for inventory valuation loss	4,791	(92)	-	4,699
Unrealised gross margin	2,489	(636)	-	1,853
Unrealised exchange loss	170	577	-	747
Currency translation differences	472	-	553	1,025
Others	3,642	(184)	-	3,458
	13,876	(426)	553	14,003
－Deferred tax liabilities:				
Others	(57)	(3)	-	(60)
	$ 13,819	($ 429)	$ 553	$ 13,943

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Warranty provisions	$ 1,298	$ 1,014	$ -	$ 2,312
Allowance for inventory valuation loss	5,174	(383)	-	4,791
Unrealised gross margin	1,322	1,167	-	2,489
Unrealised exchange loss	570	(400)	-	170
Currency translation differences	759	-	(287)	472
Others	3,965	(323)	-	3,642
	13,088	1,075	(287)	13,876
－Deferred tax liabilities:				
Others	(135)	78	-	(57)
	$ 12,953	$ 1,153	($ 287)	$ 13,819

D. Consolidated entity, OCI, was established as a wholly foreign owned manufacturing enterprise in Mainland China. Its income tax is recognised based on the Enterprise Income Tax Law of the People's Republic of China.

E. The Company and IHELPER INC. 's income tax returns through 2017 have both been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(22) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 239,377	22,008	$ 10.88
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 239,377	22,008	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	123	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 239,377	22,131	$ 10.82

	Year ended December 31, 2018		
	Amount after tax	Retrospectively adjusted number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 194,906	22,008	$ 8.86
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 194,906	22,008	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	125	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 194,906	22,133	$ 8.81

Note: The abovementioned retrospectively adjusted number of ordinary shares outstanding was retrospectively adjusted proportionately to the capitalised amount of unappropriated earnings for the year ended December 31, 2018.

(23) Operating leases

Prior to 2019

The Group leases offices and parking space under non-cancellable operating lease agreements. The lease terms are between 1 and 2 years, and all these lease agreements are renewable at the end of the lease period. The majority of lease agreements are renewable at the end of the lease period at market rate. The Group recognised rental costs and expenses of $17,187 for these leases in profit or loss for the year ended December 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 17,604
Later than one year but not later than five years	18,122
	$ 35,726

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 10,785	$ 19,297
Add: Opening balance of payable on equipment	141	260
Less: Ending balance of payable on equipment	(2,108)	(141)
Cash paid during the year	$ 8,818	$ 19,416

7. Related Party Transactions

Parent and ultimate controlling party

(1) The Company is controlled by AAEON TECHNOLOGY INC. (incorporated in R.O.C.), which owns 50% of the Company’s shares. The parent company of the Company is AAEON TECHNOLOGY INC.. The ultimate controlling party of the Company is ASUSTEK COMPUTER INC.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASUSTEK COMPUTER INC.	Ultimate parent company
AAEON TECHNOLOGY INC.	Parent company
AAEON TECHNOLOGY (SUZHOU) INC.	Fellow subsidiary - same ultimate parent company
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Fellow subsidiary - same ultimate parent company
AAEON ELECTRONICS, INC.	Fellow subsidiary - same ultimate parent company
ASUS CONPUTER INTERNATIONAL	Fellow subsidiary - same ultimate parent company
WINMATE INC. (Note 3)	Associate - investee accounted for using the equity method by the Company
LITEMAX ELECTRONICS INC.	Associate - investee accounted for using the equity method by the Company’s parent company
IBASE TECHNOLOGY INC. (Note 1)	Associate - investee accounted for using the equity method by the Company’s parent company
FU LI INVESTMENT INC.	Other related party - the Company’s chairman is its chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company’s chairman is its chairman
KING CORE ELECTRONICS INC.	Other related party - the Company’s chairman is its director
MACHVISION, INC.	Other related party - the Company’s chairman is its director
MELTEN CHINA INC. (Note 2)	Other related party - same key management with the Company
KINPO ELECTRONICS, INC.	Other related party - the subsidiary’s chairman is its director
NEW ERA AI ROBOTIC INC.	Other related party - subsidiary of the shareholder that has significant influence to IHELPER

Note 1: IBASE TECHNOLOGY INC. became the Group’s related party since September 29, 2018.

Note 2: MELTEN CHINA INC. was not the Group’s related party after January 1, 2019.

Note 3: WINMATE INC. became the Group’s associate since May 24, 2019.

(3) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
Parent	$ 83	$ 109
Fellow subsidiaries	8,011	7,212
Other related parties	-	22,406
	$ 8,094	$ 29,727

The sales prices for related parties are mainly based on mutual agreement and no similar transaction can be compared with. Other sales transactions are based on the price lists in force and terms that would be available to third parties (market prices) with the credit term of 60 days after receipt of goods and 30 days after monthly billings.

B. Purchases

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Ultimate parent	$ 1,115	$ 526
Parent: AAEON TECHNOLOGY INC.	287,063	273,655
Fellow subsidiaries	2,832	6,774
Other related parties	6,727	1,935
	$ 297,737	$ 282,890

Abovementioned purchase transactions are based on the price lists in force and terms that would be available to third parties (market prices) with the credit term of 30 days after monthly billings.

C. Operating costs and expenses

	Years ended December 31,	
	2019	2018
Parent	$ 3,859	$ 5,853
Fellow subsidiaries	8,159	7,660
Other related parties	7,029	5,334
	$ 19,047	$ 18,847

Abovementioned operating costs and expenses mainly refer to service expense, donation expense and miscellaneous expenses.

D. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivable:		
Parent	$ 22	$ 1
Fellow subsidiaries	2,440	39
Other related parties	-	9,701
	$ 2,462	$ 9,741

E. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable:		
Ultimate parent	$ -	$ 524
Parent: AAEON TECHNOLOGY INC.	65,751	13,933
Fellow subsidiaries	21	402
Other related parties	1,641	1,929
	$ 67,413	$ 16,788

	December 31, 2019	December 31, 2018
Other payables:		
Parent	$ 236	$ 319
Fellow subsidiaries	91	94
Other related parties	35	25
	$ 362	$ 438

F. Lease liabilities

	December 31, 2019	December 31, 2018
Lease liabilities		
(including current and non-current)		
Fellow subsidiaries		
AAEON ELECTRONICS, INC.	$ 4,318	$ -

The Group leases office from the fellow subsidiary. The lease term is from January 2019 to December 2019. As of December 31, 2019, the actual amount paid was $4,560.

(4) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 38,811	$ 37,186
Post-employment benefits	550	500
	$ 39,361	$ 37,686

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2019	December 31, 2018	Purpose
Time deposits (included in other current assets)	$ 899	$ 921	Collateral for forward foreign exchange

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Refer to Note 6(23) for the related information.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2019 earnings as proposed by the Board of Directors on February 24, 2020 are provided in Note 6(15).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 43,857	$ 483,128
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 2,381	$ 10,350
Financial assets at amortised cost		
Cash and cash equivalents	$ 408,555	$ 222,321
Notes receivable	-	50
Accounts receivable	161,306	239,575
Accounts receivable due from related parties	2,462	9,741
Other receivables	3,243	3,907
Other financial assets (shown as other current assets)	899	921
Guarantee deposits paid (shown as other non-current assets)	2,406	2,430
	$ 578,871	$ 478,945
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 1
Financial liabilities at amortised cost		
Notes payable	$ -	$ 724
Accounts payable	53,493	94,957
Accounts payable to related parties	67,413	16,788
Other payables	76,480	65,559
	$ 197,386	$ 178,028
Lease liability	$ 19,915	$ -

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as forward foreign exchange contracts and cross currency swap contracts are used to hedge certain exchange rate risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and 6(9).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting recognition of forecast sales revenue.

iii. The Group hedges foreign exchange rate by using forward foreign exchange contracts and cross currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(9).

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain overseas subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,473	29.98	$ 224,041
Financial liabilities			
Monetary items			
USD:NTD	$ 1,047	29.98	$ 31,389

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,657	30.715	$ 204,470
Financial liabilities			
Monetary items			
USD:NTD	$ 1,522	30.715	$ 46,748

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to ($3,702) and $3,433, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,240	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	314	-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,045	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	467	-

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $436 and $4,831, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $24 and $104, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

<u>Cash flow and fair value interest rate risk</u>

The Group has no debt instruments which are exposed to interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9,that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Group has no written-off financial assets that are still under recourse procedures

vii. (i) The expected loss rate for well-reputed and insured customer accounts is 0.2%. On December 31, 2019 and 2108, the total book value of accounts receivable amounted to $150,120 and $207,293, respectively, and loss allowance amounted to $300 and $415, respectively.

(ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties) in accordance with customers' credit. On December 31, 2019 and 2018, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
December 31, 2019							
Expected loss rate	0~2%	4%	15%	41%	50%	100%	
Total book value	$ 9,866	$ 4,268	$ 73	$ -	$ -	$ 12,761	$ 26,968
Loss allowance	$ 81	$ 167	$ 11	$ -	$ -	$ 12,761	$ 13,020

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
December 31, 2018							
Expected loss rate	0~1%	1%	5%	9%	50%	100%	
Total book value	$ 29,172	$ 10,043	$ 2,824	$ 760	$ -	$ 1,645	$ 44,444
Loss allowance	$ 41	$ 75	$ 128	$ 67	$ -	$ 1,645	$ 1,956

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

	2019	2018
At January 1	$ 2,371	$ 1,895
Provision for impairment	11,423	468
Write-offs	(28)	-
Effect of foreign exchange	(446)	8
At December 31	$ 13,320	$ 2,371

For provisioned loss in 2019 and 2018, the impairment losses arising from customers' contracts are $11,423 and $468, respectively.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. On December 31, 2019 and 2018, the amount of the Group's undrawn borrowing facilities was $99,000 and $49,000, respectively; the amount of borrowing facilities pledged as collateral by the Group was both $1,000.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Accounts payable	$ 53,493	$ -	$ -
Accounts payable to related parties	67,413	-	-
Other payables	76,480	-	-
Lease liability	13,691	3,827	3,046

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Notes payable	$ 724	$ -	$ -
Accounts payable	94,957	-	-
Accounts payable to related parties	16,788	-	-
Other payables	65,559	-	-
Derivative financial liabilities:			
Forward exchange contracts	1	-	-

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative financial instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets (including in other current assets), guarantee deposits paid (shown as other non-current assets), notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 9,734	$ -	$ 33,869	$ 43,603
Derivative instruments				
Forward exchange contracts	-	77	-	77
Cross currency swap	-	177	-	177
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
	$ 9,734	$ 254	$ 36,250	$ 46,238

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 483,071	$ -	$ -	$ 483,071
Derivative instruments				
Forward exchange contracts	-	31	-	31
Cross currency swap	-	26	-	26
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	10,350	10,350
	$ 483,071	$ 57	$ 10,350	$ 493,478
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 1	$ -	$ 1

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

iii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
	Equity instrument	Equity instrument
At January 1	$ 10,350	$ -
Additions	30,000	39,334
Recognised in profit or loss (Note 1)	3,869	-
Recognised in other comprehensive income (Note 2)	(7,969)	(28,984)
At December 31	$ 36,250	$ 10,350

Note 1: Recorded as other gains and losses.

Note 2: Recorded as unrealised gains (losses) on valuation of investments in debt instruments measured at fair value through other comprehensive income.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

Treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 2,381	Discounted cash flow	Note 1	Not applicable	Note 2
Venture capital shares	33,869	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 10,350	Discounted cash flow	Note 1	Not applicable	Note 2

Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control

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

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

13. Supplementary Disclosures

(1) Significant transactions information

In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Company’s significant transactions for the year ended December 31, 2019 are as follows. Additionally, inter-company transactions within the Group were eliminated when preparing the consolidated statements. Following disclosure information is for reference only.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(9).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

(1) General information

The information is provided to the chief operating decision-maker to make decisions from a geographical perspective. The areas of sales and order receiving are separated into two major areas which are Taiwan and US. Not only the sales location, nature of the product and the model of sales among the two areas are different, the Group's chief operating decision-maker also separates into two when managing finance and reviewing operating performance. Therefore, Taiwan and US shall be reportable segments.

(2) Measurement of segment information

The operational performance evaluation of each segment is based on operating revenue. All the operating segments consistently apply uniform accounting policies as described in Note 4, "Summary of significant accounting policies". Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(3) Information about segment profit or loss

	Year ended December 31, 2019				
	Taiwan	US	All other segments	Consolidated write-offs	Consolidation
Revenues from third parties	\$ 847,211	\$ 602,515	\$ 33,218	\$ -	\$ 1,482,944
Revenues from the Group	311,288	27	30,304	(341,619)	-
	\$ 1,158,499	\$ 602,542	\$ 63,522	(\$ 341,619)	\$ 1,482,944
Segment income (loss)	\$ 229,490	\$ 17,951	(\$ 10,815)	\$ -	\$ 236,626
Segment income (loss), including:					
Depreciation and amortisation	\$ 20,120	\$ 4,790	\$ 2,690	\$ -	\$ 27,600

	Year ended December 31, 2018				
	Taiwan	US	All other segments	Consolidated write-offs	Consolidation
Revenues from third parties	$ 839,048	$ 566,283	$ 19,341	$ -	$ 1,424,672
Revenues from the Group	236,664	211	31,996	(268,871)	-
	$ 1,075,712	$ 566,494	$ 51,337	($ 268,871)	$ 1,424,672
Segment income (loss)	$ 174,624	$ 7,859	($ 826)	$ -	$ 181,657
Segment income (loss), including:					
Depreciation and amortisation	$ 12,456	$ 561	$ 377	$ -	$ 13,394

Note: The Group's segment assets and liabilities are not provided to the chief operating decision-maker, therefore, related information is not disclosed.

(4) Reconciliation for segment income (loss)

Sales of goods (products) and services between operating segments are carried out at arm's length. The revenue and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2019 and 2018 is provided as follows:

	Years ended December 31,	
	2019	2018
Reportable segments net income	$ 247,441	$ 182,483
Other reportable segments loss	(10,815)	(826)
Total segments	236,626	181,657
Net gains on financial assets and liabilities at fair value through profit or loss	34,272	18,877
Other gains and losses	20,275	27,580
Finance costs	(1,263)	(203)
Net income before tax from continuing operations	$ 289,910	$ 227,911

(5) Information on products and services

The Group is engaged in the design, manufacture, trade and repair of medical computers and its peripherals, therefore, financial information on related products and services are the same as Note 6(16).

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 847,211	$ 30,186	$ 839,048	$ 23,378
US	602,515	4,805	566,283	886
Others	33,218	8,951	19,341	3,859
	$ 1,482,944	$ 43,942	$ 1,424,672	$ 28,123

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

(7) Major customer information

Single customer contributed more than 10% of the Group’s total consolidated operating revenues for the years ended December 31, 2019 and 2018 is listed below:

	Operating revenue	
	Years ended December 31,	
	2019	2018
A customer	$ 207,208	$ 285,868

Onyx Healthcare Inc. and Subsidiaries
Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 4)	Balance at December 31, 2019 (Note 4)	Actual amount drawn down (Note 4)	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower (Note 3)	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	ONYX HEALTHCARE INC.	ONYX HEALTHCARE (SHANGHAI) LTD.	Other receivables	Y	$4,131 (USD$138)	$4,131 (USD$138)	$4,131 (USD$138)	5.76%	2	$ -	Operational needs	$ -	None	$ -	$ 100,793	$ 403,172	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The column of 'Nature of loan' shall fill in 'Business transaction' or 'Short-term financing'.
(1).Business transaction.
(2).Short-term financing.

Note 3: The ceiling on total loans granted to others is 40% of the creditor's net assets based on the most recent financial statements that were audited and attested or reviewed by the independent accountants.
The limit on the loans granted to a single party is 10% of the creditor's current net assets. If the nature of the loan is related to business transactions, the limit on the loans granted a single party is the business transaction amount occurred between the two parties in the current year. The business transaction amount refers to the higher of purchase or sales amount between the two parties.

Note 4: The amounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the financial reporting period.

Onyx Healthcare Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2019 Number of shares	Book value (Note 3)	Ownership	Fair value	Footnote (Note 4)
ONYX HEALTHCARE INC.	Stocks	MELTEN CONNECTED HEALTHCARE INC.	None	Non-current financial assets at fair value through other comprehensive income	4,193,548	$ 2,381	6.47%	$ 2,381	None
ONYX HEALTHCARE INC.	Stocks	MACHVISION, INC.	Other related parties - the Company's director is its director	Current financial assets at fair value through profit or loss	27,000	9,734	0.06%	9,734	"
ONYX HEALTHCARE INC.	Stocks	INNOFUND III LTD.	None	Non-current financial assets at fair value through profit or loss	3,000,000	33,869	13.04%	33,869	"

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions

Onyx Healthcare Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions（Note 1）		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote（Note 2）
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sales)	($ 282,445)	(24.40%)	90 days after monthly billings	$ -	-	$ 29,359	21.69%	None
ONYX HEALTHCARE INC.	AAEON TECHNOLOGY INC.	Parent company	Purchases	125,952	18.39%	30 days after monthly billings	-	-	(50,533)	(48.77%)	"
ONYX HEALTHCARE USA, INC.	AAEON TECHNOLOGY INC.	Parent company	Purchases	161,111	35.43%	60 days after monthly billings	-	-	(15,218)	(33.93%)	"

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.
Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.
Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Only revenue side of the transactions are disclosed, and their corresponding transactions are not disclosed.

Onyx Healthcare Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	1	Sales	$ 282,445	90 days after monthly billings	19.05%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transactions not excedding NT$50 million are not disclosed. Additionally, only asset or revenue side of the transactions are disclosed, and their corresponding transactions are not disclosed.

Onyx Healthcare Inc. and Subsidiaries

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))	Footnote
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	U.S.A	Sales of medical computers and its peripherals	$ 59,960	$ 61,430	200,000	100	$ 84,047	$ 13,462	$ 13,462	None
ONYX HEALTHCARE INC.	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical computers and its peripherals	3,359	3,520	100,000	100	11,582	2,636	2,636	"
ONYX HEALTHCARE INC.	IHELPER INC.	Taiwan	Research and development and sales of medical robots	16,560	16,560	1,656,000	46	10,292	(7,125)	(3,277)	"
ONYX HEALTHCARE INC.	WINMATE INC.	Taiwan	Bidding quotation and distribution of LCD appliances and modules	510,248	-	9,363,000	13	505,586	241,183	18,934	"

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at June 30, 2015' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2018' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2018' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2019, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the financial reporting period.

Onyx Healthcare Inc. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year December 31,2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
ONYX HEALTHCARE	Sales of computers and its peripherals	$ 59,960	1	$ 44,970	$ 14,990	$ -	$ 59,960	($ 15,199)	100	($ 15,199)	$ 7,495	$ -	None

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ONYX HEALTHCARE INC.	$ 59,960	$ 59,960	$ 612,007

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2019, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the financial reporting period.

pwc 資誠

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Onyx Healthcare Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Onyx Healthcare Inc. (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, as described in the Other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Existence of revenue of the newly top 10 significant customers

Description

Refer to Note 4(27) for the accounting policy on revenue recognition and Note 6(16) for details of operating revenue.

The Company and its subsidiaries (shown as investments accounted for using equity method) are primarily engaged in the design, manufacture and trade of medical computers and its peripherals. The list of top 10 significant customers of the Company and its subsidiaries may be varied since the orders of product project are subject to the project cycle of the customer's product and the Company and its subsidiaries need to focus on developing new markets and undertaking new project orders. Additionally, the revenues from the newly top 10 significant customers for 2019 are material to the Company's and its subsidiaries' operating revenue when compared to that of 2018. Thus, we consider the existence of revenue of the newly top 10 significant customers as a key audit matter.

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How our audit addressed the matter:

We performed the following audit procedures on the key audit matter mentioned above for the Company and certain subsidiaries (shown as investments accounted for using equity method):

1. Assessed the revenue cycle and performed tests to determine whether the Company's revenue process is conducted in accordance with the internal control procedures during the reporting period.
2. Verified the related industry background information in respect of the newly top 10 significant customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the newly top 10 significant customers.

Accounting estimates on inventory valuation

Description

Refer to Note 4(11) for the accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(4) for details of inventories.

The Company is primarily engaged in the design, manufacture and trade of medical computers and its peripherals. Some products or spare parts of medical computer products have relatively longer shelf life due to the long-term customers' demand of supply and maintenance as the product cycle of medical computers is longer. However, there is a higher risk of inventory losses from market value decline or obsolescence, if the customers adjust their orders or market condition is overestimated which may cause the fluctuation of product price or overestimation of inventory clearance. The Company measures sold inventory at the lower of cost and net realisable value. For inventory that is over a certain age and individually identified as obsolete inventory, the related losses are recognised based on the policy of allowance for inventory valuation loss.

The base stock for inventories is determined based on the sales market and development strategy. As the medical computer is the main product of the Company, the amounts of the inventories are significant, and the determination of net realisable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty, we consider estimation of the allowance for inventory valuation losses as a key audit matter.

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How our audit addressed the matter:

We performed the following audit procedures on the key audit matter mentioned above for the Company and certain subsidiaries (shown as investments accounted for using equity method):

1. Obtained an understanding of the Company's operations and industry and assessed the reasonableness of the policy on allowance for inventory valuation losses.
2. Reviewed the details of obsolete inventory individually identified by the management and verified its related supporting documents.
3. Tested whether the basis of market value used in calculating the net realisable value of individual inventory selected samples and validated the accuracy of its calculation.

Other matter – scope of the audit

We did not audit the financial statements of certain investees accounted for using equity method that are included in the parent company only financial statements. The balance of these investments accounted for using equity method was NT$505,586 thousand, constituting 38% of total assets as of December 31, 2019, and comprehensive income was NT$19,648 thousand, constituting 9% of total comprehensive income for the year then ended. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

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Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

pwc 資誠

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Shu-Chiung

Lin, Chun - Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

	Assets	Notes	December 31, 2019	December 31, 2018
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 303,632	$ 144,590
1110	Financial assets at fair value through profit or loss - current	6(2)	9,988	483,128
1150	Notes receivable, net	6(3)	-	50
1170	Accounts receivable, net	6(3)	97,446	137,764
1180	Accounts receivable - related parties	7	37,939	85,723
1200	Other receivables		2,852	3,396
1210	Other receivables due from related parties	7	4,291	-
130X	Inventory	6(4)	151,250	141,739
1410	Prepayments		6,681	10,063
1470	Other current assets	8	2,438	2,703
11XX	**Total current assets**		616,517	1,009,156
	Non-current assets			
1510	Non-current financial assets at fair value through profit or loss	6(2)	33,869	-
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	2,381	10,350
1550	Investments accounted for under equity method	6(6)	619,002	100,006
1600	Property, plant and equipment	6(7)	19,602	21,076
1755	Right-of-use assets	6(8)	9,480	-
1780	Intangible assets		553	966
1840	Deferred income tax assets	6(21)	11,484	11,145
1900	Other non-current assets		1,897	1,901
15XX	**Total non-current assets**		698,268	145,444
1XXX	**Total assets**		$ 1,314,785	$ 1,154,600

(Continued)

	Liabilities and Equity	Notes	December 31, 2019	December 31, 2018
	Current liabilities			
2120	Financial liabilities at fair value through profit or loss - current	6(9)	$ -	$ 1
2130	Current contract liabilities	6(16)	28,355	28,146
2150	Notes payable		-	724
2170	Accounts payable		52,454	92,948
2180	Accounts payable - related parties	7	51,161	6,173
2200	Other payables	6(10)	57,140	45,963
2220	Other payables - related parties	7	2,757	3,012
2230	Current income tax liabilities		29,330	25,224
2250	Provisions for liabilities - current	6(12)	8,742	8,623
2280	Current lease liabilities		7,161	-
2300	Other current liabilities		3,852	1,964
21XX	**Total current liabilities**		240,952	212,778
	Non-current liabilities			
2527	Non-current contract liabilities	6(16)	61,098	30,881
2550	Provisions for liabilities - non - current	6(12)	2,365	2,938
2570	Deferred income tax liabilities	6(21)	51	11
2580	Non-current lease liabilities		2,389	-
25XX	**Total non-current liabilities**		65,903	33,830
2XXX	**Total liabilities**		306,855	246,608
	Equity			
	Share capital	6(13)		
3110	Share capital - common stock		220,082	200,075
	Capital surplus	6(14)		
3200	Capital surplus		473,856	473,856
	Retained earnings	6(15)		
3310	Legal reserve		78,010	58,519
3350	Unappropriated retained earnings		276,245	206,414
	Other equity interest			
3400	Other equity interest		(40,263)	(30,872)
3XXX	**Total equity**		1,007,930	907,992
	Significant contingent liabilities and unrecognised contract commitments	9		
	Significant events after the balance sheet date	11		
3X2X	**Total liabilities and equity**		$ 1,314,785	$ 1,154,600

	Items	Notes	2019	2018
4000	**Sales revenue**	6(16) and 7	$ 1,157,701	$ 1,074,717
5000	**Operating costs**	6(4)(19)(20) and 7	(751,312)	(723,036)
5900	**Net operating margin**		406,389	351,681
5910	Unrealised profit from sales		(9,262)	(12,444)
5920	Realised profit from sales		12,444	11,742
5950	**Net operating margin**		409,571	350,979
	Operating expenses	6(19)(20) and 7		
6100	Selling expenses		(67,511)	(68,187)
6200	General and administrative expenses		(39,500)	(36,678)
6300	Research and development expenses		(66,308)	(64,642)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		351	(429)
6000	**Total operating expenses**		(172,968)	(169,936)
6900	**Operating profit**		236,603	181,043
	Non-operating income and expenses			
7010	Other income	6(17)	3,365	24,342
7020	Other gains and losses	6(18)	30,844	22,685
7050	Finance costs		(197)	(21)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(6)	16,555	(629)
7000	**Total non-operating income and expenses**		50,567	46,377
7900	**Profit before income tax**		287,170	227,420
7950	Income tax expense	6(21)	(47,793)	(32,514)
8200	**Profit for the year**		$ 239,377	$ 194,906
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(5)	($ 7,969)	($ 28,984)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method		790	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		(7,179)	(28,984)
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation		(2,689)	2,105
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(76)	-
8399	Aggregated income tax relating to components of other comprehensive income	6(21)	553	(287)
8360	**Other comprehensive (loss) income that will be reclassified to profit or loss**		(2,212)	1,818
8300	**Other comprehensive loss for the year**		($ 9,391)	($ 27,166)
8500	**Total comprehensive income for the year**		$ 229,986	$ 167,740
	Earnings per share	6(22)		
9750	**Basic earnings per share**		$ 10.88	$ 8.86
9850	**Diluted earnings per share**		$ 10.82	$ 8.81

	Notes							
2018								
Balance at January 1, 2018		$ 200,075	$ 473,856	$ 46,928	$ 153,147	($ 3,706)	$ -	$ 870,300
Profit for the year, net of tax		-	-	-	194,906	-	-	194,906
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	1,818	(28,984)	(27,166)
Total comprehensive income (loss) for the year		-	-	-	194,906	1,818	(28,984)	167,740
Appropriation and distribution of 2017 retained earnings:	6(15)							
Legal reserve		-	-	11,591	(11,591)	-	-	-
Cash dividends		-	-	-	(130,048)	-	-	(130,048)
Balance at December 31, 2018		$ 200,075	$ 473,856	$ 58,519	$ 206,414	($ 1,888)	($ 28,984)	$ 907,992

(Continued)

<u>2019</u>								
Balance at January 1, 2019		$ 200,075	$ 473,856	$ 58,519	$ 206,414	($ 1,888)	($ 28,984)	$ 907,992
Profit for the year, net of tax		-	-	-	239,377	-	-	239,377
Other comprehensive loss for the year		-	-	-	-	(2,212)	(7,179)	(9,391)
Total comprehensive income (loss) for the year		-	-	-	239,377	(2,212)	(7,179)	229,986
Appropriation and distribution of 2018 retained earnings:	6(15)							
Legal reserve		-	-	19,491	(19,491)	-	-	-
Cash dividends		-	-	-	(130,048)	-	-	(130,048)
Stock dividends	6(13)	20,007	-	-	(20,007)	-	-	-
Balance at December 31, 2019		$ 220,082	$ 473,856	$ 78,010	$ 276,245	($ 4,100)	($ 36,163)	$ 1,007,930

	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 287,170	$ 227,420
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(19)	18,922	11,459
Amortisation	6(19)	413	413
Expected credit (gain) loss	12(2)	(351)	429
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(9)(18)	(34,272)	(18,877)
Interest expense		194	-
Interest income	6(17)	(1,582)	(1,500)
Dividend income	6(17)	(729)	(22,540)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(16,555)	629
Loss on disposals of property, plant and equipment	6(7)(18)	-	117
Unrealised (gain) loss on inter-affiliate accounts		(3,182)	702
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(131)	6,834
Notes receivable		50	(50)
Accounts receivable		40,669	(49,923)
Accounts receivable due from related parties		47,784	4,642
Other receivables		544	73
Inventory		(9,511)	(24,777)
Prepayments		3,382	377
Other current assets		243	(797)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(1,246)	1,761
Notes payable		(724)	-
Accounts payable		(40,494)	36,113
Accounts payable - related parties		44,988	(1,310)
Other payables		8,700	2,056
Other payables to related parties		255	196
Provisions		(454)	1,872
Other current liabilities		1,888	670
Contract liabilities		30,426	(1,962)
Cash inflow generated from operations		376,397	174,027
Interest received		1,582	1,500
Dividends received		25,039	22,540
Interest paid		(194)	-
Income taxes paid		(43,433)	(17,041)
Net cash flows from operating activities		359,391	181,026
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(34,656)	(472,662)
Increase in loan receivables due from related parties		(4,291)	-
Decrease (increase) in restricted assets		22	(28)
Acquisition of investments accounted for using equity method		(15,969)	(16,560)
Acquisition of property, plant and equipment	6(24)	(8,636)	(14,205)
Decrease (increase) in refundable deposits		4	(328)
Net cash flows used in investing activities		(63,526)	(503,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal		(6,775)	-
Cash dividends paid	6(15)	(130,048)	(130,048)
Net cash flows used in financing activities		(136,823)	(130,048)
Net increase (decrease) in cash and cash equivalents		159,042	(452,805)
Cash and cash equivalents at beginning of year	6(1)	144,590	597,395
Cash and cash equivalents at end of year	6(1)	$ 303,632	$ 144,590

ONYX HEALTHCARE INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Onyx Healthcare Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on February 2, 2010. The Company is primarily engaged in the design, manufacture and trade of medical computers and its peripherals. AAEON TECHNOLOGY INC. holds 50% equity interest in the Company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 24, 2020.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets).

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' and 'lease liability' both by $14,047 with respect to the lease contracts of lessees on January 1, 2019.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

   (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

   (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

   (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.8%.

E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	17,319
Less: Short-term leases	(	2,992)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	14,327
Incremental borrowing interest rate at the date of initial application		1.8%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	14,047

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and financial assets at fair value through other comprehensive income, the financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Acccounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above, maturing within three months since the date of acquisition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

I. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are provided in Note 6(7).

(14) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Intangible assets

Intangible assets, mainly computer software cost, are amortised on a straight-line basis over their estimated useful life of 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(23) Provisions

Provisions (warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells medical computers and its peripherals. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Warranty revenue

The unearned warranty revenue arising from extended warranty services offered by the Company is transferred to warranty revenue over the remaining services period.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Information on critical accounting judgements, estimates and key sources of assumption uncertainty is as follows:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the carrying amount of inventories was $151,250.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 214	$ 366
Checking accounts and demand deposits	263,418	108,867
Time deposits	40,000	35,357
	$ 303,632	$ 144,590

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company classified cash and cash equivalents that were pledged as collateral for forward exchange contracts as other financial assets (shown as other current assets). Refer to Note 8 for the related information.

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

	December 31, 2019		December 31, 2018	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Listed stocks	$	9,107	$	472,662
Derivative instruments				
Forward exchange contracts		77		31
Cross currency swap		177		26
Valuation adjustment		627		10,409
	$	9,988	$	483,128
Non-current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Unlisted stocks	$	30,000	$	-
Valuation adjustment		3,869		-
	$	33,869	$	-

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,			
	2019		2018	
Financial assets mandatorily measured at fair value through profit or loss				
Equity instruments	$	35,450	$	21,047
Hybrid instruments		67	(	409)
	$	35,517	$	20,638

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2019		
Derivative instruments	Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts - Buy NTD / Sell USD	US $	200,000	2019.12.4~2020.1.3
Cross currency swap - Buy NTD / Sell USD	US $	500,000	2019.12.4~2020.1.3

Derivative instruments	December 31, 2018		
	Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts - Buy NTD / Sell USD	US $	200,000	2018.12.11~2019.1.10
"	US $	200,000	2018.12.24~2019.1.23
Cross currency swap - Buy NTD / Sell USD	US $	500,000	2018.12.18~2019.1.22

C. The Company entered into forward exchange contracts and cross currency swap contracts to sell forward foreign exchange and to exchange rates between foreign currencies to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and cross currency swap contracts are not accounted for under hedge accounting.

D. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ -	$ 50
Accounts receivable	$ 99,171	$ 139,868
Less: Allowance for uncollectible accounts	(1,725)	(2,104)
	$ 97,446	$ 137,764

A. The ageing analysis of accounts receivable (including related parties) and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 109,833	$ -	$ 194,831	$ 50
Up to 30 days	21,080	-	21,955	-
31 to 60 days	4,284	-	3,887	-
61 to 90 days	423	-	1,614	-
91 to 120 days	-	-	673	-
Over 120 days	1,490	-	2,631	-
	$ 137,110	$ -	$ 225,591	$ 50

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts receivable (including related parties) and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables (including related parties) and loss allowance from contracts with customers amounted to $180,310 and $1,675, respectively.

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable was $0 and $50, and accounts receivable was $97,446 and $137,764, respectively.

D. The Company did not hold any collateral as security against accounts receivable (including related parties) and notes receivable.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2019		
	Cost	Allowance for obsolete and slow-moving inventories and valuation loss	Book value
Raw materials	$ 78,692	($ 4,216)	$ 74,476
Work in progress	19,434	(80)	19,354
Semi-finished goods	52,803	(6,896)	45,907
Finished goods	13,756	(2,243)	11,513
	$ 164,685	$ (13,435)	$ 151,250

	December 31, 2018		
	Cost	Allowance for obsolete and slow-moving inventories and valuation loss	Book value
Raw materials	$ 67,110	($ 4,561)	$ 62,549
Work in progress	32,540	(576)	31,964
Semi-finished goods	44,827	(5,406)	39,421
Finished goods	10,190	(2,385)	7,805
	$ 154,667	($ 12,928)	$ 141,739

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	$ 741,008	$ 705,059
Loss on obsolete and slow-moving inventories and decline in market value	4,038	9,905
Cost of services and warranty	6,266	8,072
	$ 751,312	$ 723,036

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

	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	$ 39,334	$ 39,334
Valuation adjustment	(36,953)	(28,984)
	$ 2,381	$ 10,350

A. The Company has elected to classify the investment in the stock of MELTEN CONNECTED HEALTHCARE INC. that is considered to be a strategic investment as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,381 and $10,350 as at December 31, 2019 and 2018, respectively.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 7,969)	($ 28,984)

(6) Investments accounted for using equity method

	December 31, 2019	December 31, 2018
Subsidiary:		
ONXY HEALTHCARE USA, INC. (OHU)	$ 84,047	$ 69,492
ONXY HEALTHCARE EUROPE B.V. (ONI)	11,582	11,009
ONXY HEALTHCARE (SHANGHAI) LTD. (OCI)	7,495	5,936
IHELPER INC. (IHELPER)	10,292	13,569
Associate:		
WINMATE INC. (WINMATE)	505,586	-
	$ 619,002	$ 100,006

A. Subsidiaries

(a) The information relating to the Company's subsidiaries is provided in Note 4(3) of the consolidated financial statements for the year ended December 31, 2019.

(b) To enhance the subsidiary's working capital, the Board of Directors of the Company during its meeting in August 2019 resolved to increase investment of USD 500 thousand in OCI.

(c) For the years ended December 31, 2019 and 2018, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method amounted to $16,555 and ($629), respectively.

B. Associates

(a) The basic information of the associates that is material to the Company is as follows:

	December 31, 2019	
Name of associate	Shareholding ratio	Carrying amount
WINMATE (Note)	12.97%	$ 505,586

Note: The Company owned less than 20 percent of the voting power of WINMATE. However, the investee was accounted for using the equity method as the Company acted as its director, which gave it significant influence over the investee.

(b) The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	WINMATE
	December 31, 2019
Current assets	$ 1,458,446
Non-current assets	1,032,866
Current liabilities	(321,092)
Non-current liabilities	(10,647)
Total net assets	$ 2,159,573
Share in associate’s net assets	$ 280,129
Goodwill	225,457
Carrying amount of the associate	$ 505,586

Statement of comprehensive income

	WINMATE Year ended December 31, 2019
Revenue	$ 1,666,155
Profit for the year	241,183
Other comprehensive income, net of tax	9,090
Total comprehensive income	$ 250,273
Dividends received from associate	$ 24,310

(c) The fair value of the Company's associate with quoted market price is as follows:

	December 31, 2019
WINMATE	$ 514,965

(7) Property, plant and equipment

	2019					
	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 12,518	$ 2,152	$ 11,031	$ 57,262	$ -	$ 82,963
Accumulated depreciation	(9,300)	(1,668)	(7,431)	(43,488)	-	(61,887)
	$ 3,218	$ 484	$ 3,600	$ 13,774	$ -	$ 21,076
Opening net book amount as at January 1	$ 3,218	$ 484	$ 3,600	$ 13,774	$ -	$ 21,076
Additions	757	390	1,375	4,242	3,839	10,603
Reclassifications	61	-	-	2,118	(2,179)	-
Depreciation charge	(1,280)	(217)	(2,222)	(8,358)	-	(12,077)
Closing net book amount as at December 31	$ 2,756	$ 657	$ 2,753	$ 11,776	$ 1,660	$ 19,602
At December 31						
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)
	$ 2,756	$ 657	$ 2,753	$ 11,776	$ 1,660	$ 19,602

	2018					
	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 9,833	$ 2,421	$ 6,587	$ 53,372	$ -	$ 72,213
Accumulated depreciation	(7,848)	(1,878)	(6,469)	(37,452)	-	(53,647)
	$ 1,985	$ 543	$ 118	$ 15,920	$ -	$ 18,566
Opening net book amount as at January 1	$ 1,985	$ 543	$ 118	$ 15,920	$ -	$ 18,566
Additions	1,215	92	3,022	3,763	5,994	14,086
Reclassifications	1,470	-	1,422	3,102	(5,994)	-
Disposals	-	-	-	(117)	-	(117)
Depreciation charge	(1,452)	(151)	(962)	(8,894)	-	(11,459)
Closing net book amount as at December 31	$ 3,218	$ 484	$ 3,600	$ 13,774	$ -	$ 21,076
At December 31						
Cost	$ 12,518	$ 2,152	$ 11,031	$ 57,262	$ -	$ 82,963
Accumulated depreciation	(9,300)	(1,668)	(7,431)	(43,488)	-	(61,887)
	$ 3,218	$ 484	$ 3,600	$ 13,774	$ -	$ 21,076

The information on significant components and useful lives of the property, plant and equipment is as follows:

Items	Significant components	Useful lives
Machinery	Oscilloscope, suspensory burn-in equipment and automated streamline workstation, etc.	3~4 years
Office equipment	Server host, etc.	3 years
Leasehold improvements	Construction for plant expansion and renovation, etc.	2 years
Other equipment	Front and back cover mold, repair mold and sizing mold, etc.	2 years

A. The abovementioned property, plant and equipment are assets for its own use.

B. The Company has no borrowing costs capitalised as part of property, plant and equipment.

C. The Company has no property, plant and equipment pledged to others.

(8) Lease transactions - lessee

Effective 2019

A. The Company leases various assets including buildings and office equipment. Rental contracts are typically made for periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise some buildings.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings	$ 8,806	$ 6,692
Office equipment	674	153
	$ 9,480	$ 6,845

D. For the year ended December 31, 2019, the addition to right-of-use assets was $2,278.

E. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 195
Expense on short-term lease contracts	4,273

F. For the year ended December 31, 2019, the Company's total cash outflow for leases was $11,243.

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

	December 31, 2019	December 31, 2018
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ -	$ 1

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	Years ended December 31,	
	2019	2018
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	$ 1,245	$ 1,761

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

	December 31, 2019	
Derivative financial liabilities	Contract amount (Notional principal)	Contract period
Current items:		
Cross currency swap -		
Buy NTD / Sell USD	US$ 500,000	2019.12.18~2020.1.20

	December 31, 2018	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward exchange contracts -		
Buy NTD / Sell USD	US$ 200,000	2018.12.5~2019.1.4

C. The Company entered into forward exchange contracts and cross currency swap contracts to sell forward foreign exchange and to exchange rates between foreign currencies to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and cross currency swap contracts are not accounted for under hedge accounting.

(10) Other payables

	December 31, 2019	December 31, 2018
Employees' compensation and directors' remuneration payable	$ 22,800	$ 17,850
Wages and salaries payable	20,957	20,019
Other payables	13,383	8,094
	$ 57,140	$ 45,963

(11) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were $4,149 and $3,905, respectively.

(12) Provisions

	2019	2018
	Warranty	Warranty
At January 1	$ 11,561	$ 9,689
Additional provisions	8,165	9,648
Used and reversed during the year	(8,619)	(7,776)
At December 31	$ 11,107	$ 11,561

Analysis of total provisions:

	December 31, 2019	December 31, 2018
Current	$ 8,742	$ 8,623
Non-current	$ 2,365	$ 2,938

The Company provides warranties on medical computer products sold. Provision for warranty is estimated based on historical warranty data of medical computer products.

(13) Share capital

A. The Company issued 2,001 thousand new shares through capitalization of retained earnings of $20,007 as resolved by the shareholders during their meeting in May 2019. The registration of the capital increase was completed in September 2019.

B. As of December 31, 2019, after the abovementioned capital increase, the Company's authorised and paid-in capital were $500,000 and $220,082, consisting of 22,008 thousand shares of ordinary stock, respectively, with a par value of NT$ 10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
At January 1	20,007	20,007
Stock dividends	2,001	-
At December 31	22,008	20,007

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's net profit after tax, if any, shall first be used to offset prior years' operating losses (including adjusted undistributed profits) and then 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve has accumulated to an amount equal to the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years (including adjusted undistributed profits) shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. Dividends to shareholders shall not be less than 5% of distributable earnings.

Cash dividends shall account for at least 10% of the total cash and stock dividends distributed at the current year. If cash dividends are lower than NT$0.1 (in dollars) per share, stock dividends will be issued instead.

The Company adopted a residual dividend policy which take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, along with shareholders' interests and the balanced distribution of dividends and long-term financial plans of the Company, etc.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2018 and 2017 as resolved by the shareholders during their meetings on May 29, 2019 and 2018, respectively, are as follows:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 19,491		$ 11,591	
Cash dividends	130,048	$ 6.5	130,048	$ 6.5
Stock dividends	20,007	1.0	-	-
	$ 169,546		$ 141,639	

The abovementioned distribution of earnings for 2018 and 2017 was in agreement with those amounts proposed by the Board of Directors.

E. The appropriation of earnings for 2019 as proposed by the Board of Directors on February 24, 2020 is as follows:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 23,938	
Special reserve	40,263	
Cash dividends	132,049	$ 6.0
Stock dividends	55,020	2.5
	$ 251,270	

As of February 24, 2020, the abovementioned appropriation of earnings for 2019 has not yet been resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(20).

(16) Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	$ 1,157,701	$ 1,074,717

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Medical computers	Service and warranty	
2019	Taiwan	Taiwan	Total
Revenue from external customer contracts	$ 1,127,993	$ 29,708	$ 1,157,701
Timing of revenue recognition			
At a point in time	$ 1,127,993	$ 12,609	$ 1,140,602
Over time	-	17,099	17,099
	$ 1,127,993	$ 29,708	$ 1,157,701

2018	Medical computers Taiwan	Service and warranty Taiwan	Total
Revenue from external customer contracts	$ 1,049,370	$ 25,347	$ 1,074,717
Timing of revenue recognition			
At a point in time	$ 1,049,370	$ 11,749	$ 1,061,119
Over time	-	13,598	13,598
	$ 1,049,370	$ 25,347	$ 1,074,717

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Current contract liabilities:			
Sales contract	$ 13,225	$ 11,047	$ 10,243
Warranty contract	15,130	17,099	13,598
Non-current contract liabilities:			
Sales contract	34,454	-	-
Warranty contract	26,644	30,881	37,149
	$ 89,453	$ 59,027	$ 60,990

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales contract	$ 6,891	$ 3,546
Warranty contract	17,099	13,598
	$ 23,990	$ 17,144

(c) Unfulfilled long-term warranty contracts

Aggregate amount of the transaction price allocated to long-term warranty consulting contracts that are partially or fully unsatisfied as at December 31, 2019 and 2018 amounted to $41,774 and $47,980, respectively. Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2019 and 2018 will be recognised as revenue amounting to $15,130 and $17,099, respectively, within one year. The remaining will be recognised within two to three years. The amount disclosed above does not include variable consideration which is constrained.

(17) Other income

	Years ended December 31, 2019	Years ended December 31, 2018
Interest income:		
Interest income from bank deposits	$ 1,412	$ 1,496
Other interest income	170	4
Total interest income	1,582	1,500
Dividend income	729	22,540
Other income	1,054	302
	$ 3,365	$ 24,342

(18) Other gains and losses

	Years ended December 31, 2019	Years ended December 31, 2018
Net gains on financial assets and liabilities at fair value through profit or loss	$ 34,272	$ 18,877
Net foreign exchange (losses) gains	(3,428)	3,925
Losses on disposals of property, plant and equipment	-	(117)
	$ 30,844	$ 22,685

(19) Expenses by nature

	Years ended December 31, 2019	Years ended December 31, 2018
Employee benefit expense	$ 128,833	$ 115,059
Depreciation charges on property, plant and equipment	12,077	11,459
Depreciation charges on right-of-use asset	6,845	-
Amortisation charges	413	413
	$ 148,168	$ 126,931

(20) Employee benefit expense

	Years ended December 31, 2019	Years ended December 31, 2018
Wages and salaries	$ 115,852	$ 103,143
Labour and health insurance fees	7,543	6,904
Pension costs	4,149	3,905
Other personnel expenses	1,289	1,107
	$ 128,833	$ 115,059

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $17,000 and $15,000, respectively; while directors' remuneration was accrued at $2,400 for both years. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on the percentage as prescribed by the Company's Articles of Incorporation of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' remuneration resolved by the Board of Directors were $17,000 and $2,400, respectively, and will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2018 amounting to $15,000 and $2,400, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements, and were distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. As at December 31, 2019 and 2018, the Company had 101 and 95 employees, including 5 and 4 non-employee directors, respectively.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 46,813	$ 37,441
Tax on undistributed surplus earnings	1,268	-
Prior year income tax overestimation	(542)	(2,203)
Total current tax	47,539	35,238
Deferred tax:		
Origination and reversal of temporary differences	254	(76)
Impact of change in tax rate	-	(2,648)
Total deferred tax	254	(2,724)
Income tax expense	$ 47,793	$ 32,514

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2019	Years ended December 31, 2018
Currency translation differences	($ 553)	$ 421
Impact of change in tax rate	-	(134)
	($ 553)	$ 287

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2019	Years ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	$ 57,434	$ 45,484
Tax exempt income by tax regulation	(10,367)	(8,119)
Prior year income tax overestimation	(542)	(2,203)
Effect from changes in tax regulation	-	(2,648)
Tax on undistributed earnings	1,268	-
	$ 47,793	$ 32,514

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Warranty provisions	$ 2,312	($ 91)	$ -	$ 2,221
Allowance for inventory valuation loss	2,586	101	-	2,687
Unrealised gross margin	2,489	(636)	-	1,853
Unrealised exchange loss	170	577	-	747
Currency translation differences	472	-	553	1,025
Others	3,116	(165)	-	2,951
	11,145	(214)	553	11,484
－Deferred tax liabilities:				
Others	(11)	(40)	-	(51)
	$ 11,134	($ 254)	$ 553	$ 11,433

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Warranty provisions	$ 1,298	$ 1,014	$ -	$ 2,312
Allowance for inventory valuation loss	1,889	697	-	2,586
Unrealised gross margin	1,322	1,167	-	2,489
Unrealised exchange loss	570	(400)	-	170
Currency translation differences	759	-	(287)	472
Others	2,893	223	-	3,116
	8,731	2,701	(287)	11,145
—Deferred tax liabilities:				
Others	(34)	23	-	(11)
	$ 8,697	$ 2,724	($ 287)	$ 11,134

D. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(22) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit	$ 239,377	22,008	$ 10.88
Diluted earnings per share			
Profit	$ 239,377	22,008	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	123	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 239,377	22,131	$ 10.82

	Year ended December 31, 2018		
	Amount after tax	Retrospectively adjusted number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit	$ 194,906	22,008	$ 8.86
Diluted earnings per share			
Profit	$ 194,906	22,008	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	125	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 194,906	22,133	$ 8.81

Note: The abovementioned retrospectively adjusted number of ordinary shares outstanding was retrospectively adjusted proportionately to the capitalised amount of unappropriated earnings for the year ended December 31, 2018.

(23) Operating leases

Prior to 2019

The Company leases offices and parking space under non-cancellable operating lease agreements. The lease terms are between 1 and 2 years, and all these lease agreements are renewable at the end of the lease period. The majority of lease agreements are renewable at the end of the lease period at market rate. The Company recognised rental costs and expenses of $10,309 for these leases in profit or loss for the year ended December 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 9,761
Later than one year but not later than five years	7,558
	$ 17,319

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 10,603	$ 14,086
Add: Opening balance of payable on equipment	141	260
Less: Ending balance of payable on equipment	(2,108)	(141)
Cash paid during the year	$ 8,636	$ 14,205

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by AAEON TECHNOLOGY INC. (incorporated in R.O.C.), which owns 50% of the Company's shares. The company's parent company is AAEON TECHNOLOGY INC., and the company's ultimate controlling party is ASUSTEK COMPUTER INC.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASUSTEK COMPUTER INC.	Ultimate parent company
AAEON TECHNOLOGY INC.	Parent company
AAEON TECHNOLOGY (SUZHOU) INC.	Fellow subsidiary - same ultimate parent company
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Fellow subsidiary - same ultimate parent company
ONYX HEALTHCARE USA, INC.	Subsidiary of the Company
ONYX HEALTHCARE EUROPE B.V.	Subsidiary of the Company
ONYX HEALTHCARE (SHANGHAI) LTD.	Subsidiary of the Company
IHELPER INC.	Subsidiary of the Company
WINMATE INC. (Note 3)	Associate - investee accounted for using the equity method by the Company
LITEMAX ELECTRONICS INC.	Associate - investee accounted for using the equity method by the Company's parent company
IBASE TECHNOLOGY INC. (Note 1)	Associate - investee accounted for using the equity method by the Company's parent company
FU LI INVESTMENT INC.	Other related party - the Company's chairman is its chairman
AAEON EDUCATION FUNDATION	Other related party – the Company's chairman is its chairman
KING CORE ELECTRONICS INC.	Other related party - the Company's chairman is its director
MACHVISION, INC.	Other related party - the Company's chairman is its director
MELTEN CHINA INC. (Note 2)	Other related party - same key management with the Company

Note 1: IBASE TECHNOLOGY INC. became the Company's related party since September 29, 2018.

Note 2: MELTEN CHINA INC. was not the Company's related party after January 1, 2019.

Note 3: WINMATE INC. became the Company's associate since May 24, 2019.

(3) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
Parent	$ 83	$ 109
Fellow subsidiaries	6,117	89
Subsidiares		
ONYX HEALTHCARE USA, INC.	282,445	223,089
Others	28,508	13,575
Other related parties	-	13,273
	$ 317,153	$ 250,135

The sales prices for related parties are mainly based on mutual agreement and no similar transaction can be compared with. Other sales transactions are based on the price lists in force and terms that would be available to third parties (market prices) with the credit term of 30~90 days after receipt of goods and 30~90 days after monthly billings.

B. Purchases

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Ultimate parent company	$ 1,115	$ 526
Parent company		
AAEON TECHNOLOGY INC.	125,952	96,339
Subsidiaries	27	-
Other related parties	5,307	156
	$ 132,401	$ 97,021

Abovementioned purchase transactions are based on the price lists in force and terms that would be available to third parties (market prices) with the credit term of 30 days after monthly billings.

C. Operating costs and expenses

	Years ended December 31,	
	2019	2018
Parent company	$ 3,859	$ 5,853
Fellow subsidiaries	96	-
Subsidiaries	30,307	32,210
Other related parties	5,787	4,304
	$ 40,049	$ 42,367

Abovementioned operating costs and expenses mainly refer to service expense, donation expense and miscellaneous expenses.

D. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivable:		
Parent company	$ 22	$ 1
Fellow subsidiaries	1,810	39
Subsidiaries		
ONYX HEALTHCARE USA, INC.	29,359	74,393
Others	6,748	6,924
Other related parties	-	4,366
	$ 37,939	$ 85,723
Other accounts receivable:		
Subsidiaries	$ 160	$ -

E. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable:		
Ultimate parent company	$ -	$ 524
Parent company		
AAEON TECHNOLOGY INC.	50,533	5,588
Other related parties	628	61
	$ 51,161	$ 6,173
Other payables:		
Parent company	$ 236	$ 319
Subsidiaries	2,515	2,693
Other related parties	6	-
	$ 2,757	$ 3,012

F. Loans to /from related parties:

Loans to related parties:

(a) Outstanding balance:

	December 31, 2019	December 31, 2018
Subsidiaries		
ONYX HEALTHCARE (SHANGHAI) LTD.	$ 4,131	$ -

(b) Interest income:

	Year ended December 31,	
	2019	2018
Subsidiaries		
ONYX HEALTHCARE (SHANGHAI) LTD.	$ 160	$ -

The loans to subsidiaries are repayable over 1 year and carry interest at 5.76% per annum for the year ended December 31, 2019.

(4) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 15,237	$ 14,105
Post-employment benefits	406	387
	$ 15,643	$ 14,492

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2019	December 31, 2018	Purpose
Time deposits (included in other current assets)	$ 899	$ 921	Collateral for forward foreign exchange

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Refer to Note 6(23) for the related information.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2019 earnings as proposed by the Board of Directors on February 24, 2020 are provided in Note 6(15).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019		December 31, 2018	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	43,857	$	483,128
Financial assets at fair value through other comprehensive income				
Designation of equity instrument	$	2,381	$	10,350
Financial assets at amortised cost				
Cash and cash equivalents	$	303,632	$	144,590
Notes receivable		-		50
Accounts receivable		97,446		137,764
Accounts receivable due from related parties		37,939		85,723
Other receivables		2,852		3,396
Other receivables due from related parties		4,291		-
Other financial assets (shown as other current assets)		899		921
Guarantee deposits paid (shown as other non-current assets)		1,897		1,901
	$	448,956	$	374,345
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$	-	$	1
Financial liabilities at amortised cost				
Notes payable	$	-	$	724
Accounts payable		52,454		92,948
Accounts payable to related parties		51,161		6,173
Other payables		57,140		45,963
Other payables due from related parties		2,757		3,012
	$	163,512	$	148,820
Lease liability	$	9,550	$	-

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as forward foreign exchange contracts and cross currency swap contracts are used to hedge certain exchange rate risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and 6(9).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting recognition of forecast sales revenue.

iii. The Company hedges foreign exchange rate by using forward foreign exchange contracts and cross currency swap contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(9).

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,202	29.98	$ 245,896
Non-monetary items			
USD:NTD	2,803	29.98	84,047
RMB:NTD	1,739	4.31	7,495
EUR:NTD	345	33.59	11,582
Financial liabilities			
Monetary items			
USD:NTD	903	29.98	27,072

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,275	30.715	$ 284,882
Non-monetary items			
USD:NTD	2,634	30.715	80,903
RMB:NTD	1,819	4.47	8,131
EUR:NTD	332	35.20	11,686
Financial liabilities			
Monetary items			
USD:NTD	1,522	30.715	46,748

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to ($3,428) and $3,925, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,459	$ -
Non-monetary items			
USD:NTD	1%	-	840
RMB:NTD	1%	-	75
EUR:NTD	1%	-	116
Financial liabilities			
Monetary items			
USD:NTD	1%	271	-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,849	$ -
Non-monetary items			
USD:NTD	1%	-	809
RMB:NTD	1%	-	81
EUR:NTD	1%		117
Financial liabilities			
Monetary items			
USD:NTD	1%	467	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $436 and $4,831, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $24 and $104, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

<u>Cash flow and fair value interest rate risk</u>

The Company has no debt instruments which are exposed to interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable based on the agreed terms.

ii. The Company manages their credit risk is according to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Company has no written-off financial assets that are still under recourse procedures.

vii. (i) The expected loss rate for well-reputed and insured customer accounts is 0.2%. On December 31, 2019 and 2108, the total book value of accounts receivable amounted to $95,848 and $123,762, respectively, and loss allowance amounted to $192 and $248, respectively.

(ii) The Company used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties) in accordance with customers' credit. On December 31, 2019 and 2018, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
December 31, 2019							
Expected loss rate	0~2%	4%	15%	41%	50%	100%	
Total book value	$ 39,175	$ 582	$ 15	$ -	$ -	$ 1,490	$ 41,262
Loss allowance	$ 18	$ 23	$ 2	$ -	$ -	$ 1,490	$ 1,533

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
December 31, 2018							
Expected loss rate	0~1%	1%	5%	9%	50%	100%	
Total book value	$ 95,606	$ 1,383	$ 2,485	$ 760	$ -	$ 1,645	$ 101,879
Loss allowance	$ 21	$ 10	$ 113	$ 67	$ -	$ 1,645	$ 1,856

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

	2019	2018
At January 1	$ 2,104	$ 1,675
(Reversal of) provision for impairment	(351)	429
Write-offs	(28)	-
At December 31	$ 1,725	$ 2,104

For (reversal of) provision for loss in 2019 and 2018, the (reversal of) impairment losses arising from customers' contracts are ($351) and $429, respectively.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. On December 31, 2019 and 2018, the amount of the Company's undrawn borrowing facilities was $99,000 and $49,000, respectively; the amount of borrowing facilities pledged as collateral by the Group was both $1,000.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Accounts payable	$ 52,454	$ -	$ -
Accounts payable to related parties	51,161	-	-
Other payables	57,140	-	-
Other payables to related parties	2,757	-	-
Lease liability	7,262	2,025	386

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Notes payable	$ 724	$ -	$ -
Accounts payable	92,948	-	-
Accounts payable to related parties	6,173	-	-
Other payables	45,963	-	-
Other payables to related parties	3,012		
Derivative financial liabilities:			
Forward exchange contracts	1	-	-

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative financial instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets (included in other current assets), guarantee deposits paid (shown as other non-current assets), notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 9,734	$ -	$ 33,869	$ 43,603
Derivative instruments				
Forward exchange contracts	-	77	-	77
Cross currency swap	-	177	-	177
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
	$ 9,734	$ 254	$ 36,250	$ 46,238

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 483,071	$ -	$ -	$ 483,071
Derivative instruments				
Forward exchange contracts	-	31	-	31
Cross currency swap	-	26	-	26
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	10,350	10,350
	$ 483,071	$ 57	$ 10,350	$ 493,478
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 1	$ -	$ 1

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

iii. When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
	Equity instrument	Equity instrument
At January 1	$ 10,350	$ -
Additions	30,000	39,334
Recognised in profit or loss (Note 1)	3,869	-
Recognised in other comprehensive income (Note 2)	(7,969)	(28,984)
At December 31	$ 36,250	$ 10,350

Note 1: Recorded as other gains and losses.

Note 2: Recorded as unrealised gains (losses) on valuation of investments in debt instruments measured at fair value through other comprehensive income.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

Treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 2,381	Discounted cash flow	Note 1	Not applicable	Note 2
Venture capital shares	33,869	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:					
Unlisted shares	$ 10,350	Discounted cash flow	Note 1	Not applicable	Note 2

Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control

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

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

13. Supplementary Disclosures

(1) Significant transactions information

In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Company’s significant transactions for the year ended December 31, 2019 are as follows. The disclosure information on the investees is based on the financial statements audited by the investees’ appointed independent accountants. Additionally, inter-company transactions within the Group were eliminated when preparing the consolidated statements. Following disclosure information is for reference only.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(9).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

Not applicable.

Onyx Healthcare Inc.
Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 4)	Balance at December 31, 2019 (Note 4)	Actual amount drawn down (Note 4)	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower (Note 3)	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	ONYX HEALTHCARE INC.	ONYX HEALTHCARE (SHANGHAI) LTD.	Other receivables	Y	$4,131 (USD$138)	$4,131 (USD$138)	$4,131 (USD$138)	5.76%	2	$ -	Operational needs	$ -	None	$ -	$ 100,793	$ 403,172	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: The column of 'Nature of loan' shall fill in 'Business transaction' or 'Short-term financing'.
(1) Business transaction.
(2) Short-term financing.
Note 3: The ceiling on total loans granted to others is 40% of the creditor's net assets based on the most recent financial statements that are audited and attested or reviewed by the independent accountants.
The limit on the loans granted to a single party is 10% of the creditor's current net assets. If the nature of the loan is related to business transactions, the limit on the loans granted a single party is the business transaction amount occurred between the two parties in the current year. The business transaction amount refers to the higher of purchase or sales amount between the two parties.
Note 4: The amounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the financial reporting period.

Onyx Healthcare Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2019 Number of shares	Book value (Note 3)	Ownership	Fair value	Footnote (Note 4)
ONYX HEALTHCARE INC.	Stocks	MELTEN CONNECTED HEALTHCARE INC.	None	Non-current financial assets at fair value through other comprehensive income	4,193,548	$ 2,381	6.47%	$ 2,381	None
ONYX HEALTHCARE INC.	Stocks	MACHVISION, INC.	Other related parties - the Company’s director is its director	Current financial assets at fair value through profit or loss	27,000	9,734	0.06%	9,734	"
ONYX HEALTHCARE INC.	Stocks	INNOFUND III LTD.	None	Non-current financial assets at fair value through profit or loss	3,000,000	33,869	13.04%	33,869	"

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions

Onyx Healthcare Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions （Note 1）		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sales)	($ 282,445)	(24.40%)	90 days after monthly billings	$ -	-	$ 29,359	21.69%	None
ONYX HEALTHCARE INC.	AAEON TECHNOLOGY INC.	Parent company	Purchases	125,952	18.39%	30 days after monthly billings	-	-	(50,533)	(48.43%)	"
ONYX HEALTHCARE USA, INC.	AAEON TECHNOLOGY INC.	Parent company	Purchases	161,111	35.43%	60 days after monthly billings	-	-	(15,218)	(33.93%)	"

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.
Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.
Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Only revenue side of the transactions are disclosed, and their corresponding transactions are not disclosed.

Onyx Healthcare Inc.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	1	Sales	$ 282,445	90 days after monthly billings	19.05%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transactions not excedding NT$50 million are not disclosed. Additionally, only asset or revenue side of the transactions are disclosed, and their corresponding transactions are not disclosed.

Onyx Healthcare Inc.

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))	Footnote
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	U.S.A	Sales of medical computer and its peripherals	$ 59,960	$ 61,430	200,000	100	$ 84,047	$ 13,462	$ 13,462	None
ONYX HEALTHCARE INC.	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical computer and its peripherals	3,359	3,520	100,000	100	11,582	2,636	2,636	"
ONYX HEALTHCARE INC.	IHELPER INC.	Taiwan	Research and development and sales of medical robots	16,560	16,560	1,656,000	46	10,292	(7,125)	(3,277)	"
ONYX HEALTHCARE INC.	WINMATE INC.	Taiwan	Bidding quotation and distribution of LCD appliances and modules	510,248	-	9,363,000	13	505,586	241,183	18,934	"

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at June 30, 2015' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2019, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the financial reporting period.

Onyx Healthcare Inc.

Information on investments in Mainland China

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
ONYX HEALTHCARE	Sales of computer and its peripherals	$ 59,960	1	$ 44,970	$ 14,990	$ -	$ 59,960	($ 15,199)	100	($ 15,199)	$ 7,495	$ -	None

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ONYX HEALTHCARE INC.	$ 59,960	$ 59,960	$ 612,007

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B. The financial statements were audited and attested by R.O.C. parent company's CPA.
C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2019, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the financial reporting period.

Onyx Healthcare Inc.

Chairman Chuang, Yung-Shun