



Onyx Healthcare Inc.

# ANNUAL REPORT 2023



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Website: <https://www.onyx-healthcare.com>  
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## ONE Letter to Shareholders

Ladies and gentlemen:

The following is a report on the Company's business results for 2023 and its business plan and strategic development for 2024, respectively:

### I. Business Performance in 2023

#### (I) Project Results in 2023

Consolidated operating revenues for 2023 were NT\$1,492,860 thousand, an decrease of 6.71% from NT\$1,600,265 thousand in 2022. Gross profit was NT\$556,144 thousand, an increase of 17.75% from NT\$472,306 thousand in 2022. Net income for the period was NT\$255,170 thousand, up 25.61% from NT\$203,138 thousand in 2022; resulting in earnings per share of NT\$7.65.

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

1. Budget execution: The Company did not produce a financial forecast for 2023, and hence is not required to disclose its progress.
2. Revenues, expenses, and profitability analysis

Unit: NT\$ thousand

Item		Year	2023	2022
			Consolidated	Consolidated
Profitability analysis	Return on assets (%)		12.86	11.23
	Return on shareholders' equity (%)		17.47	16.68
	Ratio of profit before tax to Paid-in capital (%)		91.00	72.77
	Net profit margin (%)		17.09	12.69
	Basic earnings per share (NT\$)		7.65	6.24
	Diluted earnings per share (NT\$)		7.59	6.20

#### (III) Research and development

1. Research and development expenses in the last 2 years

Unit: NT\$ thousand; %

Item		Year	2023	2022
	R&D expenses		79,362	86,671
	Net operating revenues		1,492,860	1,600,265
	As a percentage of net operating revenues		5.32	5.42

2. R&D progress in the last year

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

medical computers, etc. The products are marketed globally under the Onyx brand.

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

New products launched in 2023 include JS1000/JS800/JS2000 for medical AI applications. MD116ELK, the brand-new generation of outdoor tablets, can be used on ambulances or outdoor emergency care systems. The second-generation all-in-one surgical computer MATE2 and ACCEL are now available in 22/24/32-inch configurations, and the new generation SMA series are available in sizes from 10 to 18.6 inches. In addition, the MedDP series of medical display products are now offered in 22-inch, and the MedPC series of medical controller devices have entered mass production. At the same time, the ODM project of the world's leading heart transplant brand has also officially commenced mass production.

Products developed in 2023, such as the AI surgical robot medical imaging computation platform (ACCEL-VM1000) received the 2023 Best Choice Award, the 32nd Taiwan Excellence Award and the 20th National Innovation Award - Business Innovation Award.

And Won the (GHP) Healthcare and Pharmaceutical Awards 2023: Best Medical AI Solutions Developer 2023.

## II. Business plan and strategic development for 2024

### (I) Operational policy

1. Continue to form strategic alliances with partners, including NVIDIA and Intel, to provide comprehensive medical AI computer and AI server equipment. Develop various medical assistance applications from Edge AI to high-end imaging AI systems with medical AI software developers, officially ushering in the era of medical AI computers.
2. Building on the medical-grade electronics design that Onyx Healthcare specializes in, combined with the global trend of home and remote medical care after the pandemic and the accelerated application of AI in medical assistance, we have incorporated AI applications into smart medical care services to provide comprehensive smart medical care solutions such as AI smart care, AI mobile nursing, AI surgical imaging assistance, and AI remote care.
3. Monitor medical AI market growth to generate continual growth in the Company's revenue and profit.
4. The core of our business comprises proprietary brand as well as bespoke design and production to materialize the win-win strategy of

complementing each other's growth, thereby generating the Company's revenues and profit growth.

5. Coordinate with suppliers and execute procurement, production and sales practices in conformity with ethical and environmental standards for mutual benefit.
6. Promote the integration of ESG strategies into the company's operational activities and development direction to foster corporate sustainability

(II) Development strategy

1. In response to the popularization of smart medical equipment in hospitals after the pandemic and on the premises that steady development of the medical equipment OEM/ODM market will take place in America, we will vigorously develop the medical IT equipment market for hospitals.
2. In light of the increasing competition in America's medical equipment market, new market opportunities have emerged in the European OEM/ODM market, hence the Company will tap into the European medical devices OEM market by building on the foundation of years of steady development in the European medical IT market.
3. Expand the manpower for developing professional medical equipment in conjunction with diverse international medical certification designs to optimize medical computer specifications, upgrading them to medical computers similar to medical instruments, thereby generating advantages by expediting medical OEM/ODM market development.
4. Proactively invest in digital marketing to implement in-depth brand management. Focus on the "Onyx" brand and its highly customizable medical electronics equipment technology to tap into the smart medical IT equipment market in Europe, America, and Asia, as well as the customized OEM market of global medical device manufacturers.
5. Accelerate and bolster partnerships with system integrators and medical software developers and collaborate with global distribution partners to launch smart medical solutions based on different medical care procedures to capitalize on smart medicine-related business opportunities.
6. Provide GMP-certified medical instrument OEM services and vigorously obtain customized OEM service business opportunities from major European, American, and Asian medical device manufacturers to ensure stable and rapid performance growth.
7. Continue to develop medical AI and medical IoT. In the future, we will collect big data for analysis and provide business intelligence to the management for decision-making purposes. The Company will also consolidate cloud databases to enhance the efficiency of equipment use and achieve smart medical applications.

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

(I) Impact of external competition

With the emergence of the medical AI market after the pandemic, major technology firms that have yet to engage in the medical industry have begun to do so through AI technology. Faced with a new wave of market



competition, the Company will reinforce its strategic alliance with AI technology partners such as NVIDIA and Intel in an effort to become the market leader in the development of medical AI equipment that complies with medical safety regulations. In the future, Onyx Healthcare will strive to become the most competitive manufacturer of medical AI systems and equipment.

(II) Impact of the legal environment

Besides complying with the relevant regulations at home and abroad, we keep track of policy trends and regulatory changes at home and abroad to provide a reference for management consideration and to take countermeasures. Currently, no unfavorable legal impact on operations has been detected. In response to the Net Zero policy, the Company will proactively implement energy-saving and carbon-reduction measures to demonstrate our resolve in combating global warming.

(III) Impact of the macro environment

The global economic outlook, geopolitics, and currency trends will still have an impact on economic recovery. In the face of the U.S. economic recession and interest rate cuts, the U.S. dollar continues to fluctuate, and the increase in exchange rate risks, the Company will maintain close contact with financial institutions to collect information on exchange rate changes regularly. In order to reduce the risk of foreign currency exchange rate fluctuations, the Company shall review the trend of exchange rate movements and adjust the proportion of foreign currency accounts appropriately to reduce the impact on business operations.

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

Sincerely,

Onyx Healthcare Inc.

Chairman: Chuang, Yung-Shun

## TWO Company profile

I. Date of establishment: February 2, 2010

II. Corporate history

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

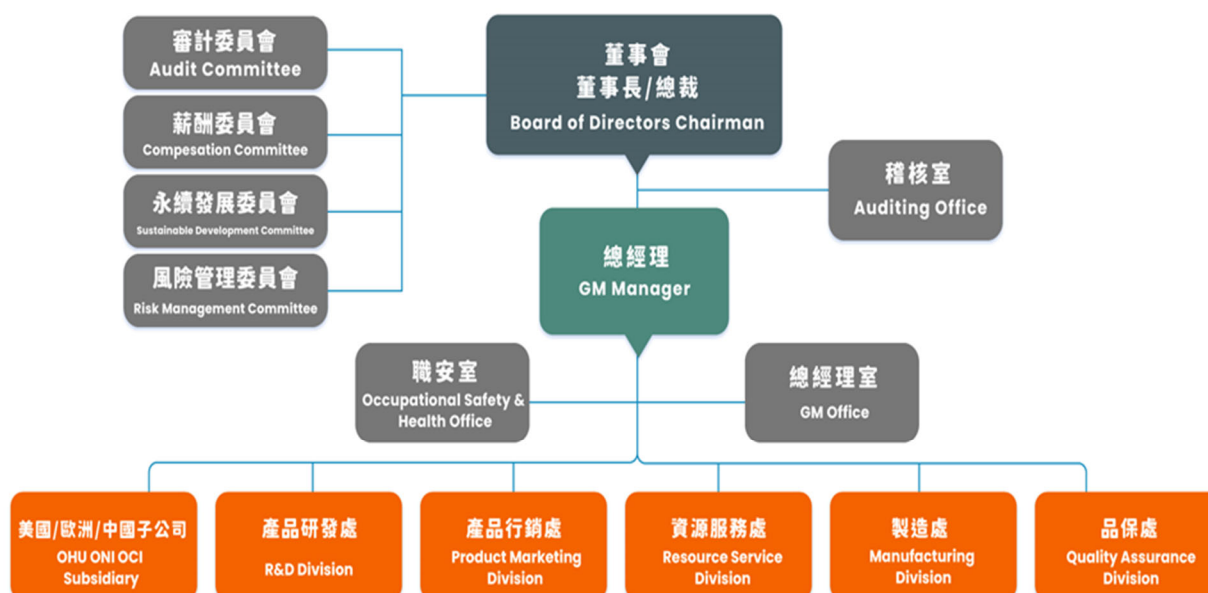
2017	<ul style="list-style-type: none"> <li>● January: Completed a cash issue of NT\$24,090 thousand, which increased total capital to NT\$181,886 thousand.</li> <li>● February: The Company's all-in-one integrated bedside multimedia infotainment unit, fanless medical computer, lightweight medical UPS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

	The Company's wins Excellent Merchant at the 75th Golden Merchant Awards
2022	<ul style="list-style-type: none"> <li>● April: Completed a cash issue of NT\$30,000 thousand, which increased total capital to NT\$332,612 thousand.</li> <li>● November: The Company's AI tablet for telemedicine and emergency care won the 19th We, Innovators.</li> </ul>
2023	<ul style="list-style-type: none"> <li>● February: The Company's lightweight medical imaging AI computing platform, medical-grade hot swappable battery medical power bank, and AI augmented reality medical imaging computing platform won the 31st Taiwan Excellence Award.</li> <li>● May: AI surgical robot medical imaging computation platform received the 2023 Best Choice Award.</li> <li>● September: Won the (GHP) Healthcare and Pharmaceutical Awards 2023: Best Medical AI Solutions Developer 2023.</li> <li>● November: Won the 20th National Innovation Award - Business Innovation Award.</li> </ul>
2024	<ul style="list-style-type: none"> <li>● February: AI surgical robot medical imaging computation platform received the the 32nd Taiwan Excellence Award.</li> </ul>

## THREE Corporate Governance Report

### I. Organization

#### (I) Organizational structure of the Company



#### (II) Responsibilities of main departments

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

Department	Main duties
	<p>occupational hazards such as illness, injury, disability and death.</p> <ol style="list-style-type: none"> <li>8. Implements safety and health performance assessment and offers consultation on worker safety and health.</li> <li>9. Provides information and suggestions relating to worker safety and health management.</li> <li>10. Other matters relating to worker safety and health management.</li> </ol>
Product R&D Division	<ol style="list-style-type: none"> <li>1. Review and confirmation of product research, development and design.</li> <li>2. Determines engineering specifications.</li> <li>3. Review and maintenance of research, development and engineering documents.</li> <li>4. Execution of development projects and objectives.</li> <li>5. Provides technical support for mass production at production departments.</li> <li>6. Assist with the handling of customer complaints and issues with vendors' quality.</li> </ol>
Marketing Division	<ol style="list-style-type: none"> <li>1. New market and new customer development, and product promotion, introduction and sale.</li> <li>2. Planning, editing, design, maintenance and update of company website.</li> <li>3. Plans and executes exhibitions.</li> <li>4. Preparation and distribution of corporate materials, publications, promotional documents and press release.</li> <li>5. Forecast and review of project development costs and expenses.</li> <li>6. Assists production and quality assurance departments in problem solution.</li> </ol>
Resource & Service Division	<ol style="list-style-type: none"> <li>1. Responsible for maintenance, control and management of internal information systems.</li> <li>2. Supervises personnel, administrative and general affairs.</li> <li>3. Handles communication for board of directors meetings, annual general meetings and important meetings.</li> <li>4. Routine bookkeeping and financial statement preparation.</li> <li>5. Tax and compliance matters.</li> <li>6. Exchange rate and interest rate risk management.</li> <li>7. Management of working capital and liquidity.</li> <li>8. Budget preparation, planning and review.</li> </ol>
Manufacturing Division	<ol style="list-style-type: none"> <li>1. Management and planning of production units.</li> <li>2. Production capacity planning and implementation.</li> <li>3. Cost and procurement management for production units.</li> <li>4. Planning for mass production and researches on the production process.</li> <li>5. Management, control and approval of production needs.</li> <li>6. Control of production lead time.</li> <li>7. Warehousing management and planning and management and approval of material-</li> </ol>

Department	Main duties
	<p>related operations.</p> <ol style="list-style-type: none"> <li>8. Control and reporting of slow-moving materials.</li> <li>9. Management and approval of procurement.</li> <li>10. Approval of price negotiations and control of procurement cost.</li> </ol>
Quality Assurance Division	<ol style="list-style-type: none"> <li>1. Carry out design validation and quality control.</li> <li>2. Carry out product certification and regulatory updates.</li> <li>3. Product maintenance and issues with customer application after mass production.</li> <li>4. Management and maintenance of technical documents and quality systems.</li> <li>5. Inspection of incoming materials, quality control of production process and finished goods inspection.</li> <li>6. Assist and handle incidents of abnormal quality from the production units.</li> <li>7. Processing and tracking of supplier quality anomalies.</li> <li>8. Supplier counseling, auditing, and evaluation.</li> <li>9. Introduction of quality concepts and quality systems</li> </ol>
Sales Dept.	<ol style="list-style-type: none"> <li>1. Determination and execution of business targets.</li> <li>2. Survey and expansion of local and foreign markets.</li> <li>3. Accomplishment of sales targets, maintenance of customer relations and provision of service to customers.</li> </ol>
RSM Dept.	<ol style="list-style-type: none"> <li>1. Maintaining good relationship with clients and promoting satisfaction, and clear accounts receivable from clients' payments.</li> </ol>

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

(I) Background of directors and supervisors

1. Directors' background

March 29, 2024; unit: shares; %

Position	Nationality or place of registration	Name	Gender/ Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Chairman	Republic of China	Jui Hai Investment Co., Ltd.		2022.05.31	3 years	2019.05.29	219,080	0.66%	219,080	0.65%	—	—	—	—	—	—	None	None	None	None
	Republic of China	Representative: Chuang, Yung-Shun	Male 70~75			2010.01.25	—	—	2,745,068	8.19%	—	—	—	—	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)	G.M.	Chuang, Fu-Chung	Father & Son	None
Director	Republic of China	AAEON Technology Inc.		2022.05.31	3 years	2010.01.25	16,257,179	48.88%	16,257,179	48.51%	—	—	—	—	—	—	None	None	None	None
	Republic of China	Representative: Wang, Feng-Hsiang	Male 51~60			2013.06.28	—	—	872,292	2.60%	—	—	—	—	MBA, City University of New York ONYX Healthcare Inc. – G.M. AAEON Technology Inc. - Vice President Advantech - Manager	Senior Consultant of the General Manager's Office President of the Company Details of other concurrent duties (Note 2)	None	None	None	None
Director	Republic of China	AAEON Technology Inc.		2022.05.31	3 years	2010.01.25	16,257,179	48.88%	16,257,179	48.51%	—	—	—	—	—	—	None	None	None	None
	Republic of China	Representative: Lin, Chien-Hung	Male 61~70			2019.05.29	—	—	13,762	0.04%	—	—	—	—	AAEON Technology Inc. – G.M. Graduate Institute of Electrical Engineering, National Taiwan University	Details of other concurrent duties (Note 3)	None	None	None	None



Position	Nationality or place of registration	Name	Gender/ Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Director	Republic of China	Jui Hai Investment Co., Ltd.		2023.05.26	3 years	2023.05.26	219,080	0.66%	219,080	0.65%					—	—	None	None	None	None
	Republic of China	Director Lai ,Li-Kai	Male 41-50			2023.05.26	—	—	—	—					MSEE, University of Southern California. Managing Director, AAEON Europe B.V.	AAEON Europe B.V.-G.M.	None	None	None	None
Independent Director	Republic of China	Lee, Chih-Hao	Male 51-60	2022.05.31	3 years	2022.05.31	—	—	—	—	—	—	—	National Chengchi University – MBA	Details of other concurrent duties (Note 4)	None	None	None	None	
Independent Director	Republic of China	Tseng, Ho-Chun	Male 61-70	2022.05.31	3 years	2022.05.31	57,169	0.17%	57,169	0.17%	—	—	—	Montclair State University - Master of Computer Science Yonghe Investment Co., Ltd. - Chairman	Details of other concurrent duties (Note 5)	None	None	None	None	
Independent Director	Republic of China	Liao, Hsiu-Mei	Female 51-60	2022.05.31	3 years	2022.05.31	—	—	—	—	—	—	National Taipei University - PhD in Accounting Ming Chuan University - Professor and also Chair of Accounting Department	KairosTech Innovation Corp. - Director Kairos Global Corporation - Supervisor	None	None	None	None		

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

Note 3: AAEON Technology Inc. – G.M., Jetway Information CO., LTD. –G.M. & corporate representative

Note 4: Tien Yu International Technology Consulting Co., Ltd. – Chairman, Excelliance MOS Corporation- Independent Director, InnoStar Asset Management Co., Ltd. – Chairman, NTUT Star Venture Capital Investment Co., Ltd. - Chairman, Zhinan Star Venture Capital Investment Co., Ltd. - Chairman, NTUST Star Venture Capital Investment Co., Ltd. – Chairman, AREC Inc. – Director & corporate representative., NCU Star Venture Capital Investment Co., Ltd. – Chairman.

Note 5: Yonghe Investment Co., Ltd. - Chairman , Litemax Electronics Inc.-Director, LINKENCE TECHNOLOGIES INC.-Director, ACROSSER TECHNOLOGY CO., LTD.-Director., Atech (Yichang) OEM Inc. – Director.

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

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

## 2. Major shareholders of corporate shareholders

March 31, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
Jui Hai Investment Co., Ltd.	FU LI INVESTMENT CO., LTD.(49.58%), Hui-Mei,Huang(23.87%), Yung-Shun, Chuang (11.43%), Fu-Chieh,Chuang(7.56%), Fu-Chun, Chuang(7.56%)
AAEON Technology Inc.	ASUSTeK Computer Inc.(27.20%), IBASE Technology Inc.(25.92%)、Yung-Shun, Chuang(12.22%), HUA-CHENG VENTURE CAPITAL CORP.(5.20%), HUA-MIN INVESTMENT CO.,LTD.(5.20%), Qiangzhan Investment Limited Company(3.14%), Jui Hai Investment Co.,Ltd.(2.81%),Yu-Ming, Huang(2.57%), Qiangyu Investment Limited Company (1.06%), Taishin International Commercial Bank entrusted with the trust assets of Yang Guangqiang(1.00%)

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

## 3. Major shareholders of major corporate shareholders

March 29, 2024

Name of corporate entity	Corporate entity's major shareholders
Fu Li Investment Co., Ltd.(Note 1)	Yung-Shun, Chuang (43.75%), Hui-Mei, Huang (37.49%), Fu-Chieh, Chuang (9.38%), Fu-Chun, Chuang (9.38%)
ASUSTeK Computer Inc. (Note 2)	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF 4.94%, Jonney Shih4.05%, Silchester International Investors International Value Equity Trust 3.41%, Cathay United Bank managed Expert Union Limited Investment account 2.78%, ASUS's Certificate of Depository with CitiBank (Taiwan) 2.64%, Yuanta Taiwan High Dividend , Fund Account2.44%, New Labor Pension Fund2.08% Silchester International Investors International Value Equity Group Trust 1.43%, Fubon Life Insurance Co., Ltd.1.35%, VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS 1.32%
iBase Technology Inc. (Note 3)	Yang Technology Co., Ltd. (27.14%), Taipei Fubon Commercial Bank Co., Ltd. entrusted custody of Fuh Hwa Taiwan Technology High Dividend ETF Securities Investment Trust Fund Special Account (3.08%), Chunbao Investment Co., Ltd. (1.38%), WINMATE INC. (1.10%), Lin Qiuxu (0.82%), New Labor Retirement Fund (0.75%), AMPIRE CO., LTD. (0.74%), Standard Chartered International Commercial Bank Branch entrusted custody of SPDR (R) Index Funds belonging to the SPDR Emerging Markets ETF Investment Special Account (0.68%), Chen Yangmeilin entrusted trust property special account (0.67%), Lai Xuehuang entrusted trust property special account (0.62%).
Hua Cheng Venture Capital Corp. (Note 1)	ASUSTeK Computer Inc. (100%)
Hua-Min Investment Co., Ltd. (Note 1)	ASUSTeK Computer Inc. (100%)
Qiangzhan Investment Limited Company(Note 1)	LI, YE-LING (30%)
Qiangyu Investment Limited Company(Note 1)	YANG, GUANG-CIANG (56%)

Note 1: The above information is provided by the Department of Commerce of the Ministry of Economic Affairs and FU LI INVESTMENT CO., LTD. .

Note 2: The above information is as of April 11, 2023 provided by ASUSTeK Computer Inc.

Note 3: The above information is as of July 24, 2023 provided by IBASE Technology Inc.

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

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

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

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

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

5. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

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

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

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

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

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

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

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

Core of diversify Name	Basic composition							Professional knowledge and skills													
	Nationality	Gender	Employee	Age			Tenure and seniority of independent		Industry experience					Professional Ability							
				41-50	51-60	61-75	Less than 3 years	3-9 years	Technology	Industry	Finance	Accounting	Marketing	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry.	An international market perspective	Ability to lead	Ability to make policy decisions
Director Chuang, Yung-Shun	R.O.C.	Male	✓		✓				✓	✓				✓	✓	✓	✓	✓	✓	✓	✓
Director Wang, Feng-Hsiang		Male	✓		✓				✓	✓				✓	✓	✓	✓	✓	✓	✓	✓
Director Lin, Chien-Hung		Male				✓			✓	✓				✓	✓	✓	✓	✓	✓	✓	✓
Director Lai, Li-Kai		Male		✓					✓	✓				✓	✓		✓	✓	✓	✓	✓
Independent Director Lee, Chih-Hao		Male			✓		✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Tseng, Ho-Chun		Male				✓	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Liao, Hsiu-Mei		Female			✓		✓				✓	✓			✓	✓	✓			✓	✓

(3) Independence of the Board of Directors:

The Board of Directors of the Company consists of six directors, of which three are independent directors and two directors as employee (43% and 23% of all directors), whereas female directors represent 14% of board members. As of 2023 In addition, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 15-17 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors). The Experience (Education), Gender and Work Experience (Please refer to page 11-12 of this Annual Report - Information of directors)



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

March 29, 2024; unit: shares; %

Position	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
CEO	Republic of China	Chuang, Yung-Shun	Male	2018.01.01	2,745,068	8.19%	—	—	—	—	Ph.D. of Engineering (honors), National Taiwan University of Science and Technology AAEON Technology Inc. - Chairman	Details of other concurrent duties (Note 1)	G.M.	Chuang, Fu-Chung	Father & Son	Note 3
G.M.	Republic of China	Chuang, Fu-Chung	Male	2023.11.07	172,768	0.52%	—	—	—	—	Bachelor of Electrical Engineering, Cornell University Master of Engineering Management, University of Southern California (USC) Northwestern University Electrical Engineering Master's Program	Details of other concurrent duties (Note 2)	CEO	Chuang, Yung-Shun	Father & Son	None
Vice President	Republic of China	Chen, Ying-Te	Male	2023.11.07	72,731	0.22%	—	—	—	—	Master of Marketing Hertfordshire University, UK ONYX Healthcare - Assistant Vice President of Marketing Division	None	None	None	None	None
Vice President	Republic of China	Chao, Hsing-Kuo	Male	2023.11.07	5,599	0.02%	—	—	—	—	MBA, National Chengchi University ONYX Healthcare - Head of R&D Division AAEON Technology - Manager of R&D Bicom Technology - Product Section Chief	None	None	None	None	None
Head of Accounting	Republic of China	Yang, Hsiang-Chih	Female	2015.04.27	107	0.00%	—	—	—	—	Postgraduate Institute of Finance, National Taiwan University Litemax Electronics - Head of Accounting	None	None	None	None	None

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

Note 2: President of ONYX HEALTHCARE USA, INC., AAEON Technology Inc. – Director, Fu Li Investment Co., Ltd., Jui Hai Investment Co., Ltd., YanXin Investment Co., Ltd., PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. Director & corporate representative, Supervisor of the following companies: MedAlliance Inc., Lithoniel Inc.

Note 3: Where the company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company):

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

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

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

2023 NTD thousands

Position	Name	Director compensation								Sum of A, B, C, and D as a percentage of net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income		Remuneration from ventures other than subsidiaries or from the parent company
		Compensation (A)		Pension (B)		Director remuneration (C) (Note 2)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Director	Jui Hai Investment Co., Ltd.																					
	AAEON Technology Inc.																					
Representative of corporate director	Chuang, Yung-Shun																					
	Wang, Feng-Hsiang	—	—	—	—	2,400	2,400	—	—	0.94%	0.94%	4,586	4,586	73	73	1,654	—	1,654	—	3.41%	3.41%	19,231
	Lin, Chien-Hung																					
	Lai, Li-Kai																					
Director	Lee, Tsu-Der (Released of duty)																					
Independent Director	Lee, Chih-Hao																					
	Tseng, Ho-Chun	1,440	1,440	—	—	—	—	180	180	0.63%	0.63%	—	—	—	—	—	—	—	—	0.63%	0.63%	—
	Liao, Hsiu-Mei																					

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

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

Note 1: Net income attributable to parent company shareholders in 2023 amounted to NT\$255,262 thousand.

Note 2: 2023 director and employee remuneration have yet to be paid; the proposed/estimated amount is presented instead.

Compensation bracket table

Range of compensation paid to directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements (Note 1)
Below NT\$ 1,000,000	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Chuang, Yung-Shun, Wang, Feng-Hsiang, Lin, Chien-Hung, Lai ,Li-Kai, Chih-Hao Tseng, Ho-Chun Lee ,Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc., Chuang, Yung-Shun, Wang, Feng-Hsiang, Lin, Chien-Hung, Lai ,Li-Kai, Chih-Hao Tseng, Ho-Chun Lee ,Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc. , Lin, Chien-Hung, Lai ,Li-Kai, Chih- Hao Lee ,Tseng, Ho-Chun, Liao, Hsiu-Mei	Jui Hai Investment Co., Ltd., AAEON Technology Inc. , Lin, Chien-Hung, Lai ,Li- Kai ,Chih-Hao Lee ,Tseng, Ho-Chun, Liao, Hsiu-Mei
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	—	—	Wang, Feng-Hsiang	Wang, Feng-Hsiang
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	—	—	—	—
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	—	—	Chuang, Yung-Shun	Chuang, Yung-Shun
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	—	—	—	—
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	—	—	—	—
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	9	9	9	9

Note 1: Included Compensation from invested businesses other than subsidiaries

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

(III) Compensation to the President and vice presidents

2023 Unit: NTD thousands

Position	Name	Salary (A)	Pension (B)	Bonuses and allowances (C)	Employee remuneration (D) (Note 2)	Sum of A, B, C, and D as a percentage of net income (%)	Remuneration from ventures other than subsidiaries or

		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	from the parent company
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Chuang, Yung-Shun	6,089	8,924	266	266	2,539	2,539	4,274	—	4,274	—	5.16%	6.27%	1,256
G.M.	Chuang, Fu-Chung													
Vice President	Chen, Ying-Te													
Vice President	Chao, Hsing-Kuo													

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

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

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

#### Compensation bracket table

President's and vice presidents' compensation brackets	Name of director	
	The Company	All companies included in the financial statements (Note 1)
Below NT\$ 1,000,000	—	—
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	Chuang, Fu-Chung	—
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	Chao, Hsing-Kuo	Chao, Hsing-Kuo
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)	Chuang, Yung-Shun, Chen, Ying-Te	Chuang, Yung-Shun, Chuang, Fu-Chung, Chen, Ying-Te,
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	—	—
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	—	—
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	—	—
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	—	—
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	—	—
NT\$ 100,000,000 and above	—	—
Total	4	4

Note 1: Included Compensation from invested businesses other than subsidiaries

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

2023 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	—	4,798	4,798	1.88%
	G.M.	Chuang, Fu-Chung				
	Vice President	Chen, Ying-Te				
	Vice President	Chao, Hsing-Kuo				
	Head of Accounting	Yang, Hsiang-Chih				

Note 1: Net income attributable to parent company shareholders in 2023 amounted to NT\$255,262 thousands.

Note 2: 2022 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	2022		2023	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total director compensation	4,047	4,047	4,020	4,020
Total director compensation as a percentage of net income	1.99%	1.99%	1.57%	1.57%
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	6,961	6,961	13,168	16,003
Total compensation to the President and vice presidents as a percentage of net income	3.43%	3.43%	5.16%	6.27%

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 2022 & 2023 amounted to NT\$202,963 thousands & NT\$255,262 thousands.

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

#### A. Directors

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

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

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

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

(2) Association with business performance and future risks

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



IV. Corporate governance

(I) Functionality of the board of directors

A total of 5 board meetings (A) were held in the last year (2023); below are directors' attendance records:

Position	Name	Attendance in person (B)	Proxy attendance	In-person attendance rate (%) (B/A)	Remarks
Chairman	Chuang, Yung-Shun	5	0	100	
Director	Wang, Feng-Hsiang	5	0	100	
Director	Lin, Chien-Hung	5	0	100	
Director	Lee, Tsu-Der	0	0	0	The effective date of the resignation of Director Lee Tsu-Der was January 5, 2023, 0 meetings were held during the term.
Director	Lai, Li-Kai	3	0	100	Elected at the annual general meeting held on May 26, 2023, 3 meetings were held during the term.
Independent Director	Lee, Chih-Hao	5	0	100	Elected at the annual general meeting held on May 31, 2022, 4 meetings were held during the term.
Independent Director	Tseng, Ho-Chun	5	0	100	
Independent Director	Liao, Hsiu-Mei	5	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
5th meeting of the 5th board 2023/2/21	Change and appointment of CPAs.	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Motion for purchase of real property for self-use			
	2023 incentive bonus for non-sales employees			
	2023 manager salary adjustment proposal			
	Adjustment of manager role and responsibility			
	Motion for appointment of G.M.			
6th meeting of the 5th board 2023/5/9	Amendments to "Internal Control System" and Internal Audit System" of the Company and subsidiary – ONI	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Formal appointment of Company's Chief Governance Officer			
	Donation to AAEON Foundation			
7th meeting of the 5th board 2023/8/8	Allocation of 2022 director remuneration	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Allocation of 2022 employee remuneration for managers			
8th meeting of the 5th board 2023/11/7	Increased investment in Top Union Electronics	None	None	Except for stakeholders that had recused from resolution, the motion was passed as proposed by all remaining directors. See section II. for detailed description.
	Motion for appointment of G.M.			
	Removal of non-complete restrictions for newly appointed G.M.			
9th meeting of the 5th board 2023/12/20	Distribution of 2023 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

5th meeting of the 5th board 2023/2/21	2023 incentive bonus for non-sales employees	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
	2023 manager salary adjustment proposal	Chuang, Yung-Shun and Wang, Feng-Hsiang	Chuang, Yung-Shun and Wang, Feng-Hsiang held stake in the discussed motion	Directors Chuang, Yung-Shun and Wang, Feng-Hsiang had recused according to law and did not participate in the vote
	Adjustment of manager role and responsibility	Wang, Feng-Hsiang	Wang, Feng-Hsiang held stake in the discussed motion	Directors Wang, Feng-Hsiang, had recused from resolution and did not participate in the vote.
	Motion for appointment of G.M.	Chuang, Yung-Shun	Chuang, Yung-Shun held stake in the discussed motion	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote.
6th meeting of the 5th board 2023/5/9	Donation to AAEON Foundation	Chuang, Yung-Shun	Chuang, Yung-Shun, held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote.
7th meeting of the 5th board 2023/8/8	Allocation of 2022 director remuneration	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lai ,Li-Kai.	Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lai ,Li-Kai held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Chuang, Yung-Shun, Lin, Chien-Hung, Wang, Feng-Hsiang and Lai ,Li-Kai had recused from resolution and did not participate in the vote.
	Allocation of 2022 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

8th meeting of the 5th board 2023/11/7	Increased investment in Top Union Electronics	Chuang, Yung-Shun	Chuang, Yung-Shun, held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote.
	Motion for appointment of G.M	Chuang, Yung-Shun	Chuang, Yung-Shun, held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote.
	Removal of non-complete restrictions for newly appointed President	Chuang, Yung-Shun	Chuang, Yung-Shun, held stake in the discussed motion (i.e. stakeholders)	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote.
9th meeting of the 5th board 2023/12/20	Distribution of 2023 managers' year-end bonus	Chuang, Yung-Shun	Chuang, Yung-Shun held stake in the discussed motion	Directors Chuang, Yung-Shun had recused according to law and did not participate in the vote

III. Execution of board of directors self evaluation:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year External assessments every three years.	Performance for the period from January 1, 2023 to December 31, 2023 was assessed	The scope covers the evaluation of the Board, individual members of the Board and functional committees.	Self-evaluation of Board members.	Including evaluation of the performance of the Board, evaluation of the performance of individual Board members and evaluation of the performance of functional committees. Items to be evaluated are as follows.

Note: 1. The self-evaluation of the Board includes the following aspects: Participation in the operation of the Company; Improvement of quality of the Board of Directors' decision making; Composition and structure of the Board of Directors; Election and continuing education of the directors; and Internal control.

2. The self-evaluation of the members of the Board includes the following aspects:

Alignment of the goals and missions of the Company; Awareness of the duties of a director; Participation in the operation of the Company; Management of internal relationships and communication; The director's professionalism and continuing education; and Internal control.

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

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

1. The Company has convened board meetings according to "Board of Directors Conference Rules."
2. The Company has independent directors and Audit Committee in place to enhance board of directors' corporate governance capacity. They exercise supervision over the board according to "Independent Directors Responsibility Principles."
3. The Company has assembled a Remuneration Committee to assist the board of directors in assessing and implementing compensation and welfare systems within the Company, and to perform regular reviews on whether directors and managers are appropriately compensated.
4. The Company makes arrangements to have directors undergo professional training, which helps support core value and maintain professional capacity.
5. The Company has assigned dedicated personnel to disclose information, update the Company's website and continually improve information transparency.
6. The Company evaluates board performance as a way to enforce sound corporate governance and strengthen the board's governance capacity. The most recent performance evaluation was conducted in accordance with Board of Directors Performance Evaluation Policy at the end of Jan. 2024, which concluded a rating of "Excellent."

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

1. Functionality of the Audit Committee

A total of 5 (A) Audit Committee meetings were held in the last year (2023); 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	Lee, Chih-Hao	5	0	100	
Independent Director	Tseng, Ho-Chun	5	0	100	
Independent Director	Liao, Hsiu-Mei	5	0	100	

Other mandatory disclosures:

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

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

Audit Committee	Motion	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	Independent director’s opinions or objections	Board's response to Audit Committees' opinions
4th meeting of the 5th committee 2023/2/21	2022 year-end accounts.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	2022 earnings appropriation	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Passed 2022 Declaration of Internal Control System	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Independence and performance assessment for the financial statement auditor.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Motion for change and appointment of CPAs.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Motion for appointment of CPAs.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Pre-approval of non-assurance services	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors

	Release of new directors from non-competition restrictions	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
5th meeting of the 5th committee 2023/5/9	Passed 2023 1st quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Amendments to "Internal Control System" and "Internal Audit System" of the Company and subsidiary – ONI	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Formulation of the Company "Rules Governing Financial and Business Matters with Related Parties"	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Donation to AAEON Foundation	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
6th meeting of the 5th committee 2023/8/8	Passed 2023 2nd quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
7th meeting of the 5th committee 2023/11/7	Passed 2023 3rd quarter consolidated financial statements.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Increased investment in Top Union Electronics	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
	Appointment of Company G.M.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors

	Removal of non-complete restrictions for newly appointed G.M.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors
8th meeting of the 5th committee 2023/12/20	2024 audit plan of the Company and subsidiaries.	✓	Approved by all Committee members present in the meeting.	None	Passed by all attending directors

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

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

III. Communication between independent directors and internal/external auditors

1. Independent directors are provided with regular audit reports, whereas the chief internal auditor is required to make reports on audit tasks during Audit Committee and board of directors meetings. Overall, both the progress and effectiveness of audit tasks are deemed to have been adequately communicated. Each year independent directors hold at least one meeting with the CPAs and chief internal auditor. In FY 2023, the meeting was held on May 9, 2023.

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

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

1. Establishment or amendment of the internal control system according to rules.
2. Evaluation over the effectiveness of internal control system.
3. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial consequences according to rules.
4. Matters concerning directors' personal interests.
5. Major transaction of assets or derivatives.
6. Major lending, endorsement or guarantee to an external party.
7. Offering, issuance, or private placement of securities with equity characteristics.



8. Appointment, dismissal, or compensation of financial statement auditors.
9. Appointment and dismissal of finance, accounting, or internal audit officers.
10. Annual and semi-annual financial reports.
11. Other issues deemed material by the Company or the authority.

2. Supervisors' involvement in board of directors meetings

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

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

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company's "Corporate Governance Code of Conduct" was first passed by the board of directors on June 13, 2016 and subsequently the last revised on 24 Feb. 2022. The code of conduct has been disclosed and made accessible to shareholders on Market Observation Post System (MOPS) and the corporate website.	No material deviation is found.
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(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." The new "Rules Governing Financial and Business Matters with Related Parties" were also approved by the Board of Directors on May 9, 2023, in accordance with the "Corporate Governance 3.0 Sustainable Development Roadmap" issued by the competent authority	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	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?			(IV) The Company has implemented "Insider Trading Prevention Policy" to prevent insider trading. Each year we arrange at least one session of awareness education on the relevant insider laws and regulations and Insider Trading Prevention for directors, officers, and all employees. Additionally, the HR unit arranges pre-service e-learning courses and efficacy assessments for new employees. During 2023/11/14~2023/12/08, awareness education was implemented through e-learning and an online efficacy assessment was conducted for all employees to ensure insider trading prevention. Each training and assessment lasted for one hour to test a total of 124 persons with an achievement rate of 100%. The pass rate was 100% (pass score=100 marks).	
<p>III. Assembly and obligations of the board of directors</p> <p>(I) Has the Board of Directors drawn up and implemented a diversity policy on the composition of its members?</p> <p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p>	✓		<p>(I) The Company has implemented "Corporate Governance Code of Conduct". Board members are chosen from different areas of expertise to accommodate the Company's functional, operational and growth requirements. Please refer the accomplishment of Board diversity.</p> <p>(II) The Remuneration Committee and Audit Committee were established by the Company in 2016. The Sustainable Development Committee and Risk Management Committee</p>	No material deviation is found.

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(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?			<p>were also voluntarily established on November 7, 2023, for managing and implementing related matters to fulfill our social responsibility as a corporate citizen, realize the goal of sustainable development, practice corporate governance and ensure sound risk management.</p> <p>(III) The Company's Board of Directors Performance Evaluation Policy was passed during the board meeting held on December 20, 2016. Under this policy, the board of directors is required to conduct internal performance assessments at least once a year at the end of each year, and external assessments at least once every three years.</p> <p>1. Internal assessment: Performance assessment of the board of directors covers at least the five main aspects below: I.Participation in the operation of the company; II.Improvement of the quality of the board of directors' decision making; III.Composition and structure of the board of directors; IV. Election and ongoing education of directors. V.Internal control. Directors' individual performance (self or peer) assessment shall cover at least the following six main aspects:</p>	

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>I.Alignment of the goals and mission of the company;  II.Awareness of the duties of a director;  III.Participation in the operation of the company;  IV.Management of internal relationship and communication;  V.The director's professionalism and continuing education; and  VI.Internal control.</p> <p>Internal assessment:  Performance assessment of the Auditing Committee and Compensation Committee covers at least the five main aspects below:  I.Participation in the operation of the company.  II.Awareness of the duties of functional committee.  III.Enhancing the decision-making quality of functional committees.  IV. Election and appointment of members of functional committees.  V.Internal control.</p> <p>The most recent internal assessment was completed at the end of January 2024, and the outcome was reported at the board meeting held on February 27, 2024:  Board member self-assessment: Rated "Excellent"</p>	

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Are external auditors' independence assessed on a regular basis?			<p>Board member (self or peer) assessment: Rated "Excellent"</p> <p>Overall rating of board members: A</p> <p>Auditing Committee member self-assessment: Rated "Excellent".</p> <p>Compensation Committee member self-assessment: Rated "Excellent".</p> <p>2. External assessment:</p> <p>In December 2021, the Company engaged Chainye Management consultancy Co., Ltd. to conduct the 2021 performance evaluation of the Board of Directors in terms of decision-making performance, professional competencies, control over internal operations, and attitude towards CSR. The evaluation was carried out through a combination of a questionnaire (including evaluation and opinion survey) and on-site interview. The result was excellent. This outcome was reported to the board of directors on December 17, 2021 to serve as reference for further enhancements to board capacity.</p> <p>(IV) Financial statement auditors' independence is assessed by the Finance Department and Audit Office on a yearly basis. Outcome of current year's assessment had already been reported to the Audit Committee and the board of directors on February 27, 2024. According to the</p>	

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

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>3. Assisted board of directors and shareholders with meeting procedures, resolution and compliance issues:</p> <p>(1) Verify whether convention of board meeting and shareholder meeting are compliant with laws.</p> <p>(2) Check compliance and accuracy of announcements such as major board resolutions and material information, and thereby ensure information symmetry for investors.</p> <p>4. Assisted directors and independent directors by providing them with the information needed to perform duties and made training arrangements:</p> <p>(1) Meetings were arranged for independent directors to communicate and discuss with chief internal auditor and financial statement auditor about financial and audit-related issues.</p> <p>(2) Training courses were arranged for directors based on their education/career background and nature of the Company's industry.</p>	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		On May 9, 2023, the Board of Directors approved the concurrent appointment of Chief Accounting Officer as the Corporate Governance Officer.. 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	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	
			channels available for employees to express opinions in writing and via e-mail.	
VI. Does the Company engage a share service agency to handle shareholder meeting affairs?	✓		The Company has engaged Share Transfer Agency Department of Taishin Securities Co., Ltd. The effective date of the division.	No material deviation is found
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Has the Company adopted other means to disclose information (e.g., English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)? (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.

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	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	✓		<ol style="list-style-type: none"> <li>1. The Company has long devoted attention to caring for employees' rights and well-being. An Employee Welfare Committee was created for this reason to oversee matters including Labor Insurance/National Health Insurance coverage, pension contribution, regular health checkup, on-job training and safety in the work environment.</li> <li>2. The Company maintains productive, long-term relationship with all of its suppliers.</li> <li>3. The Company has created a stakeholder section on its website to disclose corporate governance and financial information; furthermore, complaint channels have been implemented to facilitate communication with investors and stakeholders.</li> <li>4. Directors' education: Directors' education in 2023 was arranged in compliance with "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies." Refer to Note 3 for training details.</li> <li>5. The establishment of a Risk Management Committee was approved by the Board of Directors on November 7, 2023, along with the "Risk Management Committee Charter" and "Risk Management Rules." The relevant rules and status of implementation are disclosed on the Market Observation Post System website and the corporate website for shareholders' reference.</li> </ol>	No material deviation is found.

Assess criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			6. The Company has purchased insurance policy to protect itself against directors' liability. The sum assured in 2023 totaled US\$5 million and the coverage remained valid as of the publication date of annual report. The Company expects to renew the policy before it expires in June 2024, 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 Corporate Governance Evaluation		
Question No.	Indicator	Improvement method
2.22	Has the Company established a set of board-approved risk management policies and procedures and made detailed disclosures on the scope, framework, and execution of risk management practices?	Disclosed this year
4.1	Has the Company established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development for conducting risk assessment on environmental, social and corporate governance issues, and implementing risk management policies or strategies based on the principles of materiality? Is the promotion of sustainable development supervised by the board of directors and disclosed on the company website and annual report?	Disclosed this year
4.7	Has the Company uploaded the English version of its sustainability report to the Market Observation Post website and company website?	Disclosed this year
4.12	Has the Company formulated management policies for reducing greenhouse gases, water consumption, and other waste that also include reduction targets, promotion measures, and actual performance?	Disclosed this year

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	2023/3/27	CNAIC	Corporate resilience, competitiveness of Taiwan	3
		2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
Director	Wang, Feng-Hsiang	2023/9/7	CHINESE ASSOCIATION OF BUSINESS AND INTANGIBLE ASSETS VALUATION	Intellectual property rights management is now a new issue in corporate governance	6
Director	Lin, Chien-Hung	2023/9/4	Financial Supervisory Commission	14th Taiwan Corporate Governance Forum - Morning Session	3
		2023/11/1	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
Director	Lai ,Li-Kai	2023/9/15	Taiwan Corporate Governance Association	How do Board of Directors meetings meet? A practical guide to common procedural deficiencies in the board of directors of TWSE/TPEX listed companies	12
		2023/11/28~ 2023/11/29	SFI Taiwan	Practical Workshop for Directors, Supervisors (Including Independent Directors) and Corporate Governance Officers	3
Independent Director	Lee, Chih-Hao	2023/4/11	Corporate Operating and Sustainable Development Association.	Analysis of Directors/Supervisors Re-election and Equity Arrangement for Corporate Management Control.	3
		2023/4/11	SFI Taiwan	Business opportunities offered by server system integration technologies and applications	3
	Tseng, Ho-Chun	2023/3/27	CNAIC	Corporate resilience, competitiveness of Taiwan	3

Independent Director		2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
Independent Director	Liao, Hsiu-Mei	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3
		2023/8/2	SFI Taiwan	Case Study on Financial Statement Fraud	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

Dec. 31, 2023

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



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

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

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

### 3. Functionality of the Remuneration Committee

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

(2)Term of service of the current (4rd) committee commenced May 31, 2022 and ends on May 30, 2025. The Remuneration Committee held 3 meetings (A) in the last year (2023). 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	Lee, Chih-Hao	3	0	100%	
Member	Tseng, Ho-Chun	3	0	100%	
Member	Liao, Hsiu-Mei	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
3th meeting of the 4rd committee 2023/2/21	Allocation of 2022 employee and director remuneration.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members
	2023 incentive bonus for non-sales employees.		
	2023 manager salary adjustment proposal.		
4th meeting of the 4rd committee 2023/8/8	Proposed allocation of 2022 director remuneration.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members

	Proposed allocation of 2022 employee remuneration for managers.		
5th meeting of the 4rd committee 2023/12/20	Distribution of 2023 managers' year-end bonus.	Passed unanimously by committee members	Proposed to the board of directors and passed unanimously by all attending members

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

(V)The composition, responsibilities, and operations of the Risk Management Committee:

1.Composition and duties of the Risk Management Committee

(1)Composition of the Committee

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

(2)Responsibilities of the Committee

- A. Oversees all risk management within the Company and proposes recommendations on amendments to the risk management policy, structure, and organizational functions based on qualitative and quantitative data.
- B. Reports periodically to the Board of Directors, providing the Board with feedback on the implementation of risk management and recommendations on necessary improvements when appropriate.
- C. Enforces Board resolutions on risk management, as well as periodically inspecting the development, establishment, and operational performance of the Company’s overall risk management system.
- D. Sets risk capacity, tolerance, and targets as well as the inspection and management of overall risks.
- E. Supervises and assists with Company risk management activities.
- F. Adjustment of risk categories, risk limit profile, and assumption methods in response to changes in the environment.

2. Composition and function of the Risk Management Committee:

(1)The Company's Risk Management Committee consists of 5 members.

Term of service for the current (first) committee will run from November 7, 2023, to May 30, 2025. A total of 1 Risk Management Committee meeting was held in the last year (2023); committee attendance records are summarized below:

Title	Name	Professional qualifications and experience	No. of in-person attendance (B)	Proxy attendance	Percentage of in-person attendance (%) (B/A)(Note)	Remarks
Convener	Tseng, Ho-Chun	Please refer to the remuneration member information	1	0	100	
Member	Liao, Hsiu-Mei	Please refer to the remuneration member information	1	0	100	
Member	Lee, Chih-Hao	Please refer to the remuneration member information	1	0	100	
Member	Chuang, Fu-Chung	Please refer to the G.M. information	1	0	100	
Member	Chen, Ying-Te	Please refer to the vice president information	1	0	100	

(2) Operations of the Company's Risk Management Committee

To promote the proactive enforcement of the risk management system, a report on its operation is made to the Board of Directors every year:

Risk Management Committee	Agenda and subsequent actions	Remarks
1th meeting of the 1rd committee 2023/12/20	Functioning of the risk management team in 2023 Q4	None

Major tasks of the Remuneration Committee:

- a Review various operational operations, scan relevant risks, and the risk management and control task force will formulate countermeasures as per the degree of risks and discuss them with the Risk Management Committee to make suggestions to the Board of Directors.
- b Assess risks arising from the procurement of various raw materials based on the international situation and the development of the pandemic and pay attention to the impact of changes in the international situation on the supply of raw materials to put forth countermeasures in a timely manner.

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

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		The Sustainable Development Committee was established by the Company on November 7, 2023, with an independent director as its convener. The Committee is composed of three independent directors and two senior executives. At least two meetings are held every year and additional meetings on material topics are held as necessary. A total of 8 working groups on Corporate Governance, Sustainability R&D Green Design, Responsible Production, Sustainable supply Chain, Social Inclusion, Environmental Sustainability, and Happy Workplace were created to incorporate sustainable development into the corporate business strategy. A report on sustainable development strategies and performance is also made to the Board at least once a year. A total of 1 meeting was convened in 2023. The report on the status of implementation for this year was presented to the Board on December 20, 2023. Please refer to the company website <a href="https://reurl.cc/97emLO">https://reurl.cc/97emLO</a> for more information.	No material deviation is found
II. Has the Company conducted risk assessment on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?			<ol style="list-style-type: none"> <li>1. This disclosure covers the company's overall sustainability performance in Taiwan from 2023/1/1 to 2023/12/31. The risk assessment boundary is all organizational operations in Taiwan.</li> <li>2. The Sustainability Committee has analyzed the material issues based on the materiality principle of the sustainability report.</li> </ol>	No material deviation is found

Assess criteria	Actual governance			Summary	Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies					
	Yes	No								
			<p>After communicating with internal and external stakeholders, it has integrated data from various departments to assess the risks of material sustainability issues, formulated effective risk management policies and concrete action plans for identification, measurement, monitoring and control, in order to mitigate the impact of related risks.</p> <p>3. Based on the risk assessment, the related risk management strategies and corresponding measures are as follows:</p> <table border="1"> <thead> <tr> <th>Material Issue</th> <th>Risk Description</th> <th>Measures</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Procurement and Supply Chain Management</td> <td>To avoid the shutdown of raw material suppliers' factories or natural disasters that lead to material supply shortages, the company has prepared backup plans for long lead-time materials, maintained good relationships with agents to increase sourcing channels, and established alternative material solutions, which are promptly introduced to avoid the impact of</td> </tr> </tbody> </table>	Material Issue	Risk Description	Measures	Environment	Procurement and Supply Chain Management	To avoid the shutdown of raw material suppliers' factories or natural disasters that lead to material supply shortages, the company has prepared backup plans for long lead-time materials, maintained good relationships with agents to increase sourcing channels, and established alternative material solutions, which are promptly introduced to avoid the impact of	
Material Issue	Risk Description	Measures								
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Assess criteria	Actual governance			Summary	Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies									
	Yes	No												
				<table border="1"> <tr> <td></td> <td></td> <td>supplier factory shutdowns or natural disasters.</td> </tr> <tr> <td>Social</td> <td>Talent Development and Career Planning</td> <td>The company provides management capability training courses and continuously optimizes onboarding programs for new hires, enabling employees to effectively enhance their skills and long-term development.</td> </tr> <tr> <td>Governance</td> <td>Compliance</td> <td>To implement the sustainable development blueprint of corporate governance, the company has established a governance structure and implemented an internal control system mechanism to ensure that all personnel comply with relevant laws and regulations.</td> </tr> </table>			supplier factory shutdowns or natural disasters.	Social	Talent Development and Career Planning	The company provides management capability training courses and continuously optimizes onboarding programs for new hires, enabling employees to effectively enhance their skills and long-term development.	Governance	Compliance	To implement the sustainable development blueprint of corporate governance, the company has established a governance structure and implemented an internal control system mechanism to ensure that all personnel comply with relevant laws and regulations.	
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Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>III. Environmental issues</p> <p>(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?</p> <p>(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?</p>			<p>(I) The Company has obtained certification for ISO 14001 Environmental Management System and CE marking to ensure compliance with environmental management regulations.</p> <p>(II) By reducing pollutants and improving recyclability and reusability of raw materials purchased and products produced, the Company strives to maximize and achieve sustainable use of available resources.</p> <p>(III) The Sustainable Development Committee is the top Company organization for climate change management and is chaired by an independent director. The Committee reviews the Company's climate strategy and targets each year, manages actions on climate risks and opportunities, inspects current implementation status, discusses future plans, and reports to the Board. During 2023, a SWOT analysis on climate change response and greenhouse gas</p>	No material deviation is found.

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?			<p>management was presented to the Sustainable Development Committee. Response measures were devised in response to the unfavorable factors identified in the analysis and reported to the Board. For a detailed analysis of the Company's climate change risks and opportunities, please refer to the company website <a href="https://reurl.cc/09AM3Y">https://reurl.cc/09AM3Y</a>.</p> <p>(IV) A greenhouse gas (GHG) inventory was conducted by the Company in accordance with the GHG Protocol. In addition to launching an inventory in 2023 ahead of schedule, carbon reduction targets and pathways were also set as part of our commitment to net zero carbon emissions in accordance with the "Science-Based Targets initiative (SBTi)". These included: 50% reduction in Scope 1 and Scope 2 carbon emissions by 2030; and SBTi target of 30% reduction in carbon emissions from products, services, and product sales. A 90% reduction in Scope 1, 2 and 3</p>	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies																								
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			<p>carbon emissions by 2050 will make a contribution to the vision and sustainability target of keeping global warming to less than 1.5 degrees Celsius by 2050. Current analysis showed that the Company's Scope 1, Scope 2 and Scope3 carbon emissions amounted to 9,758.0598 tonnes in 2021 and 9,463.5265 tonnes in 2022. Calculated per million NTD of revenue, the emissions were 6.0977 tons CO2 in 2022 and 6.3391 tons CO2 in 2023, an increase of 3.98%..</p> <p>GHG emissions</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total carbon emissions</th> <th>(t CO2-e)/million NTD revenue</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>31.3758</td> <td>184.5068</td> <td>9542.1772</td> <td>9758.0598</td> <td>6.0977</td> </tr> <tr> <td>2023</td> <td>31.6625</td> <td>192.3380</td> <td>9239.5260</td> <td>9463.5265</td> <td>6.3391</td> </tr> </tbody> </table> <p>Annual electricity consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Scope 3	Total carbon emissions	(t CO2-e)/million NTD revenue	2022	31.3758	184.5068	9542.1772	9758.0598	6.0977	2023	31.6625	192.3380	9239.5260	9463.5265	6.3391	Year	2022	2023				
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IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		<p>(I) The Company complies with labor regulations and the UN's Universal Declaration of Human Rights, and has implemented internal management policies and procedures accordingly. In addition, we arranged training related to human rights protection in 2023, with 122 employees completing the related</p>	No material deviation is found																					

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(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?			<p>courses. In the future, we will continue to care about issues related to human rights protection and promote related education and training to enhance the awareness of human rights protection and thereby reduce the likelihood of related risks.</p> <p>(II) Besides doing overall planning for salaries and bonuses based on the pay standard in local areas, we have established the working rules and rewards and bonuses regulations to maintain consistency and align employee rewards with corporate development. In addition, we offer profit-sharing bonuses, rewards, and bonuses for traditional festivals, such as Mid-Autumn Festival, Dragon Boat Festival, and year-end bonuses to share profit with employees and seek mutual prosperity and existence.</p> <p>Moreover, we give substantial concern and care for employees with parenting needs, including paid maternity leave and paternity leave, arrangement for leave of absence, career planning, and related benefits and allowances. We also organize employee activities, such as Family Day, anniversary party, and employee care, for employees to feel a sense of belonging and create a relaxing atmosphere. We salary employees based on their duties, competencies, education attainment, work</p>	

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<p>(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?</p> <p>(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?</p>			<p>experience, and professional skills regardless of gender, race, religion, political affiliation, and marital status. In Taiwan, the start pay is better than the minimum wage stipulated in the Labor Standards Act. We also offer raises, bonuses, and rewards based on the Company's financial performance, overall target achievement, personal performance and work contribution of employees to reward the efforts of employees and attract, retain, and encourage outstanding employees. In 2023 the average ratio of female employees and female officers was 37.6% and 28% respectively.</p> <p>(III) Company has implemented employee work rules, compensation and performance bonus policies in such a way that enables employees' salary to grow in line with the Company's operations. Employees are given additional credits for volunteer activities, so that performance evaluation can be more closely associated with social responsibilities. There were no incidents of occupational injury or fire in 2023.</p> <p>(IV) We plan complete career training for officers and employees at all levels, including new employee training, professional competency training, supervisor training, and labor safety and health education and training for employees to learn and grow continuously through comprehensive channels. We also introduce training courses on the concept development of</p>	

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<p>(V) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protect?</p> <p>(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?</p>			<p>business ethics to develop the key competency of employees. In 2023 a total of 2,634 employees participated in education and training for a total of 3,641.5 hours. Each year we arrange performance interviews for supervisors and employees to discuss and set the personal annual capacity development plan. Through periodic review and feedback, we help employees tailor the best development plans.</p> <p>(V) The Company has labeled and marketed its products and services in accordance with laws and international standards. E-mail links are provided on website for customers to raise queries, complaints and suggestions for the protection of their interests.</p> <p>(VI) Before having business with suppliers, we will evaluate them according to the Supplier Evaluation Procedure. When signing procurement contracts with them, we must request them to abide by all international environmental protection laws and regulations, including, without limitation to, the requirements of RoHS, REACH, conflict metals, and HSF statement. We also request suppliers to ensure that the supplied materials are not obtained from illicit labor, child labor, or any other forms of labor prohibited by law. In addition, we will conduct periodic audits and use the audit results as an important reference for</p>	

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			decision-making. The 2022 supplier evaluation was completed in February 2023.	
V. Does the Company prepare corporate social responsibility report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	✓		In 2023, we prepared the 2022 ESG report in accordance with the GRI Standards and disclosed the report on the corporate website. This year, we have prepared the 2022 ESG Report in accordance with the GRI Standards and SASB Standards and disclosed the report on the corporate website.	No material deviation is found
<p>VI. In case of the company has stipulated its sustainable development codes according to the Market Listed Corporate Code of Practice on Sustainable Development, please state its functions and differences: The Company has already stipulated “Sustainable Development Best Practice Principles” and discloses relative information on its website, and strictly abides by during daily operation</p>				
<p>VII. Other important information for understanding the Company’s sustainable development implementation: The Company integrates internal manpower and resources and cooperates with AAEON Foundation to care for the underprivileged, encourage art and cultural activities, sponsor charity and promote education of technologies. Below is a summary description of various social events that the Company had participated in:</p> <p>(I) Education: In 2023, the Company took part in school environmental education promotion programs organized by the AAEON Foundation such as</p>				



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<p>“Environment Taiwan”, “Sharestart”, and “Board Games Wonderland.” Total sponsorship amounted to NT\$1 million. Five schools in Chiayi County (Minhe, Andong, Jhonghe, Lioulin, Sinbi) took part in the 2023 “Environment Taiwan” school environment education program. The program included five environmental education exhibitions (Environment x River, Environment x Mountain, Environment x Ocean, Environment x City, Environment x Countryside) that were combined with aerial photography of Taiwan’s environment by director Chi Po-lin, online teaching modules and other resources. A total of 159 sessions attended by 6,680 people were held between September 2023 and January 2024.</p> <p>The “Sharestart” school environmental education promotion program is a teaching method developed to foster “self-learning” in students. A total of 12 teachers and 179 students took part in the program between September 2023 and June 2024.</p> <p>(II) Environmental protection: All of the Company's products have met WEEE (Waste of Electrical and Electronic Equipment) and RoHS (Restriction of Hazardous Substances) requirements. Cartons used in packaging are produced from environment-friendly pulp and conform to reusable standards. In-carton protections are made from recyclable EPO, which can be reused to save resources. In terms of recycling label, all packaging materials have been printed with globally recognized recycling symbols to promote customers' awareness toward environmental protection.</p> <ol style="list-style-type: none"> <li>1. Three directions of environment-friendly design <ol style="list-style-type: none"> <li>(1) Eliminate or reduce hazardous substances in existing products through selection of raw materials.</li> <li>(2) Design products using materials that can be easily reused, recycled and disintegrated where possible.</li> <li>(3) Incorporate power management functions into product design for improved energy efficiency and reduced power consumption.</li> </ol> </li> <li>2. Green cycle <ol style="list-style-type: none"> <li>(1) Waste management and resource recycling</li> </ol> </li> </ol>				

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			<p>ONYX generated 20,720kg of general waste and 16,840kg of resource waste in 2023. Carton boxes accounted for 40% 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). 63% of the waste generated was recycled and reused.</p> <p>(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.</p> <p>(3) Recycling income The Company received NT\$18,325 of income from recycling 10,090kg of industrial waste (cartons) in 2023.</p> <p>(III) Community engagement, social contribution, social service and charity:</p> <ol style="list-style-type: none"> <li>1. The Company coordinates with charity foundation to organize regular blood donations on factory premise from 9:30 to 16:30 on the first Friday of March, June, September and December each year. In 2023, within the industrial park donated 784 250c.c. bags of blood in total. By engaging peers in charitable activities, the Company aimed to promote unity among businesses within the park.</li> <li>2. In 2023, we donated a sum of NT\$200,000 in collaboration with the AAEON Foundation as the forestation and tree production funds for the Luodong Forestry Bureau by adopting 1 hectares of national forest land for forestation in Shiding and Pinglin area, New Taipei City. With our</li> </ol>	

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<p>forestation and tree production funds, the Forest Bureau reclaimed the whole lot of forest land and planned to grow honey plants including the fried egg plant (<i>Polyspora axillaris</i>), sakaki (<i>Cleyera japonica</i>), Japanese bay tree (<i>Machilus thunbergii</i>), and Formosan ash (<i>Fraxinus formosana</i>) and the endemic tree ring-cupped oak (<i>Cyclobalanopsis glauca</i>) to build a honey plant forest and create diversified services for forest ecology. Under the leadership of the chairperson and wife, the plantation took place smoothly on March 25, 2023 (Sat), and Onyx Healthcare also set a new milestone on the road to environmental sustainability.</p> <p>3. Annual coastal clean-up: In response to the “International Coastal Cleanup,” we organize the coastal clean-up every year. In 2023, 160 participants cleaned up 144.3kg of coastal waste.</p> <p>4. To support Earth Hour, we put support slogans and content on the corporate website to urge governments in the world and citizens on Earth to face climate change and global warming issues.</p> <p>(IV) Customers' interests: The Company has assigned dedicated units to address customers' complaints in a timely and appropriate manner, and thereby protect customers' interest.</p> <p>(V) Human rights: The Company cares for the underprivileged and hires persons with disability in support of the government's initiative to protect work rights for all.</p> <p>(VI) Safety, health and other social responsibility activities: The Company complies with Labor Standards Act and Occupational Safety and Health Act by organizing safety and health training and regular health checkups for all employees.</p>				

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(VII) In February 2016, the Company passed ISO-14001: 2015 Environmental Management System and obtained certification that is valid on February 19, 2025.					
VIII. Implementation of Climate-related Information					
ITEM		Status of implementation			
1. Describes the oversight of the Board and Management's, governance of climate-related risks and opportunities.		<p>1. The Board of Directors is the top governance body for climate change management at Onyx. The “Sustainable Development Committee” was established by the Board to oversee climate change response and decision-making at Onyx. The “Environmental Sustainability Team” was set up by the Committee to inventory the climate potential risks, opportunities, and financial impact of climate change on company operations. Disclosure of related information is organized into the four dimensions of “Governance”, “Policy”, “Risk Management”, and “Metrics and Targets.” Risk and opportunity issues are identified, and a risk management strategy is drawn up for taking action on climate change.</p> <p>A climate change report is compiled and submitted to the Sustainable Development Committee each year. Meetings are regularly convened by</p>			

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2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).				the independent directors to discuss issues relating to climate change, and explain the risks and opportunities for company operations from climate change. Climate change issues and current implementation are reported to the Board by the convener on an annual basis.	
3. Describe the financial impacts of extreme climate events and transformational actions.				<p>2. The climate risk and opportunity factors recommended by TCFD are used to rate risks and opportunities in the short-term (1 ~ 3 years), medium-term (3 ~ 5 years), and long-term (over 5 years) based on likelihood, frequency, and potential impact. Priority is given to the identification of physical and transition risks. Climate risks and opportunities are identified through inter-department discussions.</p> <p>3. The Onyx production model is based on contracted assembly to order. The greatest impact from climate risks was, therefore, on business continuity. In 2023, the financial impact of typhoon days amounted to NT\$242,000. Other costs included carbon tariffs and fees. Renewable energy pricing will gradually have an impact on finance during the transition.</p>	

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<p>4. Describe how the process of identifying, assessing, and managing climate risk is integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.</p>				<p>4. The Onyx Risk Management Committee oversees the Risk Management Team. Under the Risk Management Regulations, the Team is responsible for identifying climate risks and opportunities based on the TCFD framework and assessing the level of risk and opportunity based on likelihood, frequency, and potential impact to the Company. Priority was given to “Physical Risk,” “Transition Risk,” and “Climate Change Opportunity.”</p> <p>5. The two scenarios below were adopted by Onyx for simulating climate change risk: (1) Government Net Zero Pathway - Emphasis is on assessment of domestic regulatory risk; (2) Conduct full inventory (including Scope 3) and verification as well as adopt the Science Based Targets initiative (SBTi) to support the vision of keeping global warming under 1.5°C by 2050. Analysis and assessment are also employed to build a climate risk and opportunity matrix to fully inventory, assess, and present how each climate risk and opportunity will affect company operations and draw up corresponding action goals.</p>	

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6. If there is a transition plan for managing climate-related risks, describe the content of the plan and the metrics and objectives used to identify and manage physical and transition risks.				<p>6. An identification mechanism has been introduced by the Company for climate-related risks and opportunities. The current state of business and industry attributes are used to identify the material impact and quantitative indicators of risk topics before proposing corresponding control measures and action plans.</p> <p>a Physical risk assessment and response</p> <table border="1"> <thead> <tr> <th>Nature of Risk</th> <th>Source of Risk</th> <th>Impact on Business</th> <th>Risk Response Measure</th> </tr> </thead> <tbody> <tr> <td>Immediate</td> <td>Extreme weather events such as typhoons, torrential rains, and very low or high temperatures.</td> <td> <ul style="list-style-type: none"> <li>These pose a threat to employee safety and may lead to occupational injuries. The resulting production delays may lead to financial loss for the Company and damage our business reputation.</li> <li>Damage to building structure and office hardware such as electricity and telecommunications may disrupt operations.</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>The physical risks caused by climate change are included in the Company's risk management guidelines and environmental risk assessments conducted on a regular basis. Corresponding risk management mechanisms are also established and enforced.</li> <li>For extreme weather events, emergency response plans are</li> </ul> </td> </tr> </tbody> </table>	Nature of Risk	Source of Risk	Impact on Business	Risk Response Measure	Immediate	Extreme weather events such as typhoons, torrential rains, and very low or high temperatures.	<ul style="list-style-type: none"> <li>These pose a threat to employee safety and may lead to occupational injuries. The resulting production delays may lead to financial loss for the Company and damage our business reputation.</li> <li>Damage to building structure and office hardware such as electricity and telecommunications may disrupt operations.</li> </ul>	<ul style="list-style-type: none"> <li>The physical risks caused by climate change are included in the Company's risk management guidelines and environmental risk assessments conducted on a regular basis. Corresponding risk management mechanisms are also established and enforced.</li> <li>For extreme weather events, emergency response plans are</li> </ul>	
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				<ul style="list-style-type: none"> <li>● Production stoppages due to disrupted logistics.</li> <li>● Reduced employee productivity due to impact on employee physical and mental well-being.</li> </ul>	<p>prepared, and regular drills are held. Advance preparation serves to mitigate harm to personnel or financial losses caused by risks.</p> <ul style="list-style-type: none"> <li>● Disaster-related insurance is purchased when appropriate to transfer risk and reduce financial loss to the Company.</li> </ul>
			Long-term	<p>Average global temperature continues to rise due to Greenhouse effect.</p> <ul style="list-style-type: none"> <li>● Continued increase in average global temperature.</li> <li>● Growing interest in the reduction of carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of education and training on issues relating to climate change risk management (e.g., energy conservation and carbon reduction in the office) to instill employees with carbon reduction concepts.</li> <li>● Clean Air Nurtures Fertile Fields</li> <li>● Coastal Clean-up activity</li> <li>● Forestation activity</li> </ul>



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7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.				<table border="1"> <tr> <td></td> <td></td> <td>~ 2023 inventory should be completed in 2024.</td> <td></td> </tr> <tr> <td>Technology</td> <td>Renewable energy</td> <td>Shortage of electricity of higher costs</td> <td>Evaluate and plan for the purchase and use of renewable energy.</td> </tr> </table>			~ 2023 inventory should be completed in 2024.		Technology	Renewable energy	Shortage of electricity of higher costs	Evaluate and plan for the purchase and use of renewable energy.	
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8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) offset should be described.				<p>7. The Clean Competition Act will take effect in the U.S. in 2024. The EU will begin trialing the Carbon Border Adjustment Mechanism (CBAM) in 2023 with full implementation slated for 2026. Taiwan will begin imposing carbon fees between 2024 ~ 2025. Onyx is not in the first wave of industries subject to the carbon fees but we will still monitor regulatory changes, carbon fees, tariffs, and future trends closely.</p> <p>8. A greenhouse gas (GHG) inventory was conducted by the Company in accordance with the GHG Protocol. In addition to launching an inventory in 2023 ahead of schedule, carbon reduction targets and pathways were also set in accordance with Group policy and the “Science-Based Targets initiative (SBTi)”. These included: 50% reduction in Scope 1 and Scope 2 carbon emissions by 2030; and SBTi target of 30% reduction in carbon</p>									

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9. GHG inventory and confirmation situation (fill in 1-1 separately).				emissions from products, services, and product sales. A 90% reduction in Scope 1, 2 and 3 carbon emissions by 2050 will make a contribution to the vision and sustainability target of keeping global warming under 1.5°C by 2050.	9. See the explanation in 1-1 and 1-2 below:														
<p>1-1 Greenhouse Gas Inventory and Confirmation Situation of the Company in the Last Two Years</p> <p>1-1-1 Greenhouse Gas Inventory Information</p> <p>The company conducted greenhouse gas (GHG) inventory based on the GHG Protocol, and set organizational boundaries according to the "Operational Control Approach" under the SBTi (Science Based Targets initiative), which comprehensively includes the Taiwan headquarters and all global subsidiaries.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total carbon emissions</th> <th>Emissions Intensity (t CO<sub>2</sub>-e)/NTD million revenue</th> <th>Year-on-year Difference</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>31.3758</td> <td>184.5068</td> <td>9542.1772</td> <td>9758.0598</td> <td>6.0977</td> <td>-3.02%/total</td> </tr> </tbody> </table>						Year	Scope 1	Scope 2	Scope 3	Total carbon emissions	Emissions Intensity (t CO <sub>2</sub> -e)/NTD million revenue	Year-on-year Difference	2022	31.3758	184.5068	9542.1772	9758.0598	6.0977	-3.02%/total
Year	Scope 1	Scope 2	Scope 3	Total carbon emissions	Emissions Intensity (t CO <sub>2</sub> -e)/NTD million revenue	Year-on-year Difference													
2022	31.3758	184.5068	9542.1772	9758.0598	6.0977	-3.02%/total													

Assess criteria	Actual governance						Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary				
	2023	31.6625	192.3380	9239.5260	9463.5265	6.3391	+3.98%/per million
<p>1-1-2 Greenhouse Gas Verification Information</p> <p>The Company has to conduct an external verification of GHG emissions in 2024.</p> <p>1-2 The Company expects to conduct an external verification of GHG emissions in 2026. 1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans</p> <p>A greenhouse gas (GHG) inventory was conducted by the Company in accordance with the GHG Protocol. In addition to launching an inventory in 2023 ahead of schedule, carbon reduction targets and pathways were also set in accordance with Group policy and the “Science-Based Targets initiative (SBTi)”. These included: 50% reduction in Scope 1 and Scope 2 carbon emissions by 2030; and SBTi target of 30% reduction in carbon emissions from products, services, and product sales. A 90% reduction in Scope 1, 2 and 3 carbon emissions by 2050 will make a contribution to the vision and sustainability target of keeping global warming under 1.5°C by 2050.</p>							

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

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

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?			(III) The Company has a set of "Business Integrity Procedures and Behavioral Guidelines" that outline the proper operating procedures, behavioral guidelines, disciplinary actions and grievance system; all of which are duly implemented.	
<p>II. Business integrity</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?</p>	✓		<p>(I) Prior to commencing business dealing, the Company would evaluate the legitimacy and commercial integrity of its business partner.</p> <p>(II) The GM Office is responsible for enforcing the Company's integrity goals and making regular reports to the board of directors. Current year's report was made to the board of directors on Dec 20, 2023. 2023 progress: 1. Employees of the Company follow "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" and enforce business integrity policy in all business activities.</p>	No material deviation is found

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

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary													
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?			(V) The Company organizes internal training on business integrity on a regular basis, and promotes integrity awareness at management meetings and internal meetings. The following is a list of internal and external integrity courses organized by the Company in 2023: <table border="1" data-bbox="1093 826 1680 1136"> <thead> <tr> <th>2023</th> <th>Enrollments</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Business Integrity Code of Conduct</td> <td>124</td> <td>124</td> </tr> <tr> <td>Accounting policy &amp; Internal control system</td> <td>122</td> <td>151</td> </tr> <tr> <td>Total</td> <td>246</td> <td>275</td> </tr> </tbody> </table>	2023	Enrollments	Hours	Business Integrity Code of Conduct	124	124	Accounting policy & Internal control system	122	151	Total	246	275	
2023	Enrollments	Hours														
Business Integrity Code of Conduct	124	124														
Accounting policy & Internal control system	122	151														
Total	246	275														
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Has the Company assigned dedicated personnel to investigate the reported misconducts?	✓		(I) The Company has "Grievance Mailbox" that employees may use to report misconducts. All reported misconducts are handled according to "Business Integrity Procedures and Behavioral Guidelines" by dedicated personnel that the Chairman has assigned. Complaint channels have also been disclosed on the "Stakeholder Identification	No material deviation is found												



Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(III) Has the Company adopted any measures to prevent whistleblowers from retaliation for filing reports?</p>			<p>and Communication" webpage. There was no report of major misconduct internally or externally in 2023.</p> <p>(II) The Company has implemented a set of standard procedures for handling reported misconducts that covers the following steps: 1. Case acceptance; 2. Clarification of offense; 3. Investigation of reported misconduct; 4. Interview with relevant personnel; and 5. Disciplinary action. Other details such as standard procedures for the investigation of reported misconduct, follow-up actions after investigation, and confidentiality measures have also been addressed in the procedures.</p> <p>(III) The Company maintains confidentiality over informant's identity and details of each misconduct report, and is committed to protecting informants from retaliation as a result of their report.</p>	
<p>IV. Enhanced information disclosure</p> <p>Has the Company disclosed its integrity principles and progress onto its website and MOPS?</p>	✓		<p>The Company has a website to disclose corporate information, and makes relevant announcements over MOPS.</p>	<p>No material deviation is found</p>

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

(VIII) 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.

(IX) 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.

(X)Internal control

## 1.Declaration of Internal Control System

Onyx Healthcare Inc.

### Declaration of Internal Control System

Date: Feburary 27 2024

The following declaration has been made based on the 2023 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, 2023. 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 27, 2024.

Onyx Healthcare Inc.

Chairman: Chuang, Yung-Shun

General Manger: Chuang, Fu-Chung

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

(XI)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.

(XII)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
2023/5/26	Annual general meeting	Passed 2022 business report and financial statements.	Passed as proposed through vote by ballot.
		Passed 2022 earnings appropriation.	With authorization sought in a shareholder meeting, the Chairman had set the dividend baseline date at July 10, 2023, and dividends were entirely paid on July 31, 2023. (To distribute cash dividends at NT\$5.0 per share)
		By-election of one Director.	Approved the motion for by-election of the board 5th director..
		Release of new directors from non-competition restrictions.	Passed as proposed through vote by ballot.

2. Board of Directors

Date of meeting	Nature of meeting	Major resolutions
2023/2/21	5th meeting of the 5th committee	<ol style="list-style-type: none"> <li>1. Passed allocation of 2021 employee and director remuneration.</li> <li>2. Passed 2021 business report and financial statements.</li> <li>3. Passed 2021 earnings appropriation.</li> </ol>

Date of meeting	Nature of meeting	Major resolutions
		<ol style="list-style-type: none"> <li>4. Passed 2021 Declaration of Internal Control System</li> <li>5. Partial Amendments to " Corporate Governance Best Practice Principles."</li> <li>6. Partial Amendments to " Sustainable Development Best Practice Principles. "</li> <li>7. By-election of one Director.</li> <li>8. Passed Re-election of one director.</li> <li>9. Passed Release of new directors from non-competition restrictions</li> <li>10. Passed details concerning the 2022 annual general meeting.</li> <li>11. Passed the motion for appointment of CPAs the motion for appointment of CPAs</li> <li>12. Pre-approval of non-assurance services</li> <li>13. Motion for purchase of real property for self-use</li> <li>14. Passed 2023 performance bonus for non-sales employees</li> <li>15. Passed 2023 manager salary adjustment proposal.</li> <li>16. Adjustment of manager role and responsibility</li> <li>17. Motion for appointment of G.M.</li> </ol>
2023/5/9	6th meeting of the 5th committee	<ol style="list-style-type: none"> <li>1. Passed 2023 1st quarter consolidated financial statements.</li> <li>2. Passed the proposal to accept derivative trading limit from the bank.</li> <li>3. Passed the proposal to accept derivative trading limit from Taishin Bank.</li> <li>4. Passed authorization for derivative trading.</li> </ol>

Date of meeting	Nature of meeting	Major resolutions
		<ul style="list-style-type: none"> <li>5. Passed the motion for appointment of corporate governance officer.</li> <li>6. Passed amendments to "Internal Control System" and Internal Audit System" of the Company and subsidiary - ONI.</li> <li>7. Formulation of the Company “Rules Governing Financial and Business Matters with Related Parties</li> <li>8. Passed donation to AAEON Foundation.</li> </ul>
2023/8/8	7th meeting of the 5th committee	<ul style="list-style-type: none"> <li>1. Passed 2023 2nd quarter consolidated financial statements.</li> <li>2. Passed the proposal to accept derivative trading limit from the bank.</li> <li>3. Change in location of head office.</li> <li>4. Setting the baseline date for issuance of new shares and cash capital increase for 2023 Q2 employee stock options</li> <li>5. Passed allocation of 2022 director remuneration.</li> <li>5. Passed allocation of 2022 managers and employee remuneration for managers.</li> </ul>
2023/11/7	8th meeting of the 5th committee	<ul style="list-style-type: none"> <li>1. Passed 2023 3rd quarter consolidated financial statements.</li> <li>2. Setting the baseline date for issuance of new shares and cash capital increase for 2023 Q3 employee stock options</li> <li>3. Passed the proposal to apply for treasury trading limit with CTBC Bank.</li> <li>4. Approved the motion to apply for treasury trading limit with CTBC Bank.</li> <li>5. Formulation of the Company “Sustainable</li> </ul>

Date of meeting	Nature of meeting	Major resolutions
		Development Committee Charter” and establishment of the Sustainable Development Committee 6. Appointment of the Company’s 1st Sustainable Development Committee 7. Formulation of the Company “Risk Management Committee Charter” and establishment of the Risk Management Committee 8. Appointment of the Company’s 1st Risk Management Committee 9. Increased investment in Top Union Electronics 10. Appointment of Company G.M. 11. Removal of non-complete restrictions for newly appointed President
2023/12/20	9th meeting of the 5th committee	1. Passed 2024 audit plan of the Company and subsidiaries 2. Passed the Company's 2024 operational plan (and budget). 3. Passed distribution of 2023 managers' year-end bonus.

(XIII) 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.

(XIV) 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:

Title	Name	Date appointed	Date of dismissal	Reason for resignation or dismissal
General Manager	Wang, Feng-Hsiang	2018.01.01	2023.02.21	Re-appointment as Senior Consultant to the Company
General Manager	Chuang, Yung-Shun	2023.02.21	2023.11.07	New general manager takes office.



V. Disclosure of external auditors' remuneration

Unit: NTD thousands

Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Chang Shu-Chiung	Lin, Chun-Yao	2023/1/1~2023/12/31	2,710	250	2,960	Note 1

Note 1: Non-audit fee are from tax audits reviews of CPAs.

- (I) If the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
- (II) If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

VI. Change of external auditor:

- (I) Information relating to the former auditor:

Date of reappointment	2023/1/1		
Reasons and details of the reappointment	From 2023, the CPAs for the Company's financial statements were replaced from CPAs Lin Chun-Yao and Weng Shih-Jung to CPAs Chang Shu-Chiung and Lin Chun-Yao.		
Whether the termination of audit service was initiated by the client or by the auditor	Parties		
	Situation	Auditor	Client
	Service terminated by	—	—
	Service no longer accepted (continued) by	—	—
Reasons for issuing opinions other than unqualified opinion in the last 2 years	None		
Any disagreement with the issuer	Yes	—	Accounting policy or practice
		—	Disclosure of financial report
		—	Audit coverage or procedures
		—	Others
	None	V	
	Explanation		

Supplementary disclosure (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None
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(II) Information relating to the succeeding auditor

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

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

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

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

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

Unit: shares

Position	Name	2023		Current year up till report publication date (March 29, 2024)	
		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.	—	—	—	—
Director	Jui Hai Investment Co., Ltd.	—	—	—	—
Director - corporate representative Chairman	Chuang, Yung-Shun	—	—	—	—
Director - corporate representative President	Wang, Feng-Hsiang	(155,000)	—	(63,000)	—
Director - corporate representative	Lin, Chien-Hung	—	—	—	—
Director	Lee, Tsu-Der (2023/1/5 (Released of duty))	—	—	Not applicable	Not applicable
Director - corporate representative	Lai, Li-Kai	—	—	—	—
Independent Director	Lee, Chih-Hao	—	—	—	—
Independent Director	Tseng, Ho-Chun	—	—	—	—
Independent Director	Liao, Hsiu-Mei	—	—	—	—
General Manager	Chuang, Fu-Chung	—	—	—	—

Vice President	Chen, Ying-Te	(49,000)	—	—	—
Vice President	Chao, Hsing-Kuo	(29,000)	—	—	—
Head of Accounting	Yang, Hsiang-Chih	(12,000)	—	—	—

(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 29, 2024

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. Representative: Chuang, Yung-Shun	16,257,179	48.51%	—	—	—	—	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	—
	2,745,068	8.19%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
Chuang, Yung-Shun	2,745,068	8.19%	—	—	—	—	AAEON Technology Inc.	Representative of the mentioned company	—
ASUSTeK Computer Inc.	1,694,112	5.05%	—	—	—	—	AAEON Technology Inc. Hua-Min Investment Co., Ltd. Jonney Shih	Parent and subsidiary Parent and subsidiary Representative of the mentioned company	—
ASUSTeK Computer Inc. Representative: Jonney Shih	—	—	—	—	—	—	AAEON Technology Inc. Hua-Min Investment Co., Ltd.	Director of the mentioned company Representative of the mentioned company	—
Wang, Feng-Hsiang	872,292	2.60%	—	—	—	—	—	—	—
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company	661,194	1.97%	—	—	—	—	—	—	—
Li, Chien-Hsing	475,000	1.42%	—	—	—	—	—	—	—
Hsu, Hang-Chien	383,490	1.14%	—	—	—	—	—	—	—
Li, I-Hsuan	380,671	1.14%	—	—	—	—	—	—	—
Hua-Min Investment Co., Ltd.	362,114	1.08%	—	—	—	—	ASUSTeK Computer Inc. AAEON Technology Inc. Jonney Shih	Parent and subsidiary Associated company Representative of the mentioned company	—

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	
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, I-Hsuan	315,110	0.94%	—	—	—	—	—	—	—

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

April 2, 2024 Unit: shares

Invested businesses	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
ONYX HEALTHCARE USA, INC.	200,000	100.00%	—	—	200,000	100.00%
ONYX HEALTHCARE EUROPE B.V.	100,000	100.00%	—	—	100,000	100.00%
Onyx Healthcare (Shanghai) Inc.	(Note)	100.00%	—	—	(Note)	100.00%
iHelper Inc.	1,656,000	46.00%	180,000	5.00%	1,836,000	51.00%
WINMATE INC.	10,244,000	12.85%	4,597,000	5.76%	14,841,000	18.61%
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	2,188,000	11.00%	—	—	2,188,000	11.00%

Note: Limited liability company

## FOUR Capital Overview

### I. Capital and outstanding shares

#### (I) Sources of share capital

##### 1. Outstanding shares

March 29, 2024  
Unit: shares; NTD

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



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
April 2022	10	50,000,000	500,000,000	33,261,300	332,613,000	Cash issue 3,000 thousand shares	None	Note 13
September 2023	10	50,000,000	500,000,000	33,288,300	332,883,000	Conversion of stock option into 27 thousand shares	None	Note 14
November 2023	10	50,000,000	500,000,000	33,506,300	335,063,000	Conversion of stock option into 218 thousand shares	None	Note 15
March 2024	10	50,000,000	500,000,000	33,516,300	335,163,000	Conversion of stock option into 10 thousand shares	None	Note 16

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

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

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

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

Note 5: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1045172152 dated August 13, 2015

Note 6: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1055302897 dated August 17, 2016

Note 7: Approved under Letter No. Zheng-Gui-Shen-Zi-1050031647 dated November 9, 2016

Note 8: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1068000159 dated January 5, 2017

Note 9: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1068053455 dated August 7, 2017

Note 10: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1088061513 dated September 10, 2019

Note 11: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1098057652 dated August 12, 2020

Note 12: Approved under Letter No. Xin-Bei-Fu-Jing-Si-Zi-1108062689 dated September 3, 2021

Note 13: Approved under Letter No. Zheng-Gui-Shen-Zi- 1100378967 dated January 13, 2022

Note 14: Approved under Letter No. Zheng-Gui-Shen-Zi- 1128068770 dated September 22, 2023

Note 15: Approved under Letter No. Zheng-Gui-Shen-Zi- 1128081868 dated November 15, 2023

Note 16: Approved under Letter No. Zheng-Gui-Shen-Zi- 1138014013 dated March 6, 2024

## 2. Share categories

March 29, 2024; unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	33,516,300	16,483,700	50,000,000	TPEX listed shares

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

### (II) Shareholder structure

March 29, 2024; unit: parties; shares

Shareholder structure Count	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Count	—	3	19	3,033	14	3,069
Number of shares held	—	4,800	18,758,237	13,664,433	1,088,830	33,516,300
Shareholding percentage	—	0.01%	55.97%	40.77%	3.25%	100.00%

### (III) Ownership diversity

#### 1. Common shares

March 29, 2024; unit: parties; shares

Shareholding category	Shareholder count	Number of shares held	Shareholding percentage
1 to 999	1,217	183,683	0.55%
1,000 to 5,000	1,548	2,720,799	8.12%
5,001 to 10,000	155	1,192,896	3.56%
10,001 to 15,000	52	640,685	1.91%
15,001 to 20,000	21	375,442	1.12%
20,001 to 30,000	32	782,954	2.34%
30,001 to 50,000	3	111,000	0.33%
40,001 to 50,000	4	175,874	0.52%
50,001 to 100,000	17	1,221,232	3.64%
100,001 to 200,000	5	730,618	2.18%
200,001 to 400,000	9	2,676,272	7.98%
400,001 to 600,000	1	475,000	1.42%
600,001 to 800,000	1	661,194	1.97%
800,001 to 1,000,000	1	872,292	2.60%
1,000,001 and above	3	20,696,359	61.75%
Total	3,069	33,516,300	100.00%

2. Preferred shares: None

(IV) List of major shareholders

March 29, 2024; unit: shares

List of major shareholders	Shareholding	Number of shares held	Shareholding percentage
AAEON Technology Inc.		16,257,179	48.51%
Chuang, Yung-Shun		2,745,068	8.19%
ASUSTeK Computer Inc.		1,694,112	5.05%
Wang, Feng-Hsiang		872,292	2.60%
Fubon Securities Co., Ltd. in Its Capacity as Master Custodian for Investment Account of Magic Group Company		661,194	1.97%
Li, Chien-Hsing		475,000	1.42%
Hsu, Hang-Chien		383,490	1.14%
Li, I-Hsuan		380,671	1.14%
Hua-Min Investment Co., Ltd.		362,114	1.08%
Li, Mingxian		315,110	0.94%

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

Unit: NTDS\$

Year		2022	2023	Up till March 29, 2024	
Item					
Market price per share (Note 1)	High	118.00	245.00	196.00	
	Low	87.00	96.70	149.00	
	Average	103.02	176.13	170.39	
Net worth per share	Before dividend	42.12	45.59	—	
	After dividend	37.12	Note 2	—	
EPS	Weighted average outstanding shares	32,522 thousand shares	33,351 thousand shares	33,516 thousand shares	
	EPS (Note 2)	Before retrospective adjustment	6.24	7.65	—
		After retrospective adjustment	6.20	Note 2	—
Dividends per share	Cash dividends		5.00	5.00 (Note 2)	
	Stock dividends	From earnings	—	1.50 (Note 2)	
		From capital reserves	—	—	
	Cumulative unpaid dividends		—	—	
P/E ratio		15.96	19.42	—	

Analysis of investment returns (Note 3)	Price to dividends ratio	19.92	29.71	—
	Cash dividend yield	5.02%	3.37%	—

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

Note 2: 2023 earnings appropriation represents amount resolved by the board of directors and is pending for approval at 2024 shareholder meeting.

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

## (VI) Dividend policy and execution

### 1. The Company's dividend policy

Annual net income concluded by the Company is first subject to reimbursement of previous losses (including adjustment to undistributed earnings) followed by a 10% provision for statutory reserve. However, no further provision is needed when statutory reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall be subject to provision or reversal of special reserve as laws may require. The residual balance can then be added to undistributed earnings (including adjustment to undistributed earnings) carried from previous years and distributed as dividends to shareholders, subject to board of directors' proposal and shareholder meeting resolution. The amount of dividends paid to shareholders shall not be less than 5% of total distributable earnings.

Cash dividends shall not be less than 10% of the sum of cash and stock dividends for the current year. However, cash dividends amounting to less than NT\$0.1 per share are to be paid in the form of stock dividend instead.

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

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

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

Dividends proposed for the upcoming shareholder meeting are based on the earnings appropriation plan resolved during the board of directors meeting dated February 27, 2024, and include cash dividends of NT\$167,581,500 at NT\$5.00 and stock dividends at NT\$1.50 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 27, 2024, the board of directors passed a resolution to distribute stock dividends at NT\$1.50 per share in the current year. 5,027,445 new shares are expected to be issued to produce a dilution effect of approximately 15%. The Company 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\$22,500,000 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 2023 employee and director remuneration was passed during the board of directors meeting held on February 27, 2024. 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\$22,500,000 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 2023 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 2022 remunerations were resolved during the annual general meeting held on May 26, 2023; details of employee and director remuneration are as follows:

	Amount allocated (NTD thousands)
Employee remuneration	18,000
Director remuneration (Note)	2,400

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

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

(IX) Buyback of company shares: None

II. Disclosure relating to corporate bonds: None

III. Disclosure relating to preferred shares: None

IV. Disclosure relating to global depository receipts: None

V. Employee warrants:

(1) Status of unexpired employee subscription warrants:

March 29, 2024

The types of employee subscription warrants	2020 employee subscription warrants	
Effective date	2020/5/6	
Issuance date	2020/8/6	
No. of units issued	1,000 units	
No. of subscribable shares as a percentage of total issued shares (%)	3.0065%	
Subscription period	The term of the employee subscription warrants is five years. The subscription warrants and the rights thereof cannot be transferred, pledged, gifted to others, or other ways of disposal. However, successor is not limited subject to the above.	
Performance of contract	The Company shall issue new common shares.	
Period and ratio (%) in which subscription is restricted	Employees may exercise their subscription rights according the following vesting schedule two years after issuance.	
	<u>Vesting date</u>	<u>Cumulative vesting</u>
	2 <sup>nd</sup> year	50%
	3 <sup>rd</sup> year	75%
	4 <sup>th</sup> year	100%
Number of shares obtained through exercise of subscription rights	255,000 shares	
NT\$ amount of shares subscribed	NT\$28,290,900	
No. of shares that have not been subscribed	622,000 shares	
Subscription price per share of the unsubscribed shares	NT\$110.50	
No. of unsubscribed shares as a percentage of total issued shares (%)	1.860%	
Effect on the shareholders	This stock option is vested over two years starting the third year after issuance. The shareholders' equity is diluted year by year, and thus the dilutive effect is limited.	

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

	Title	Name	Subscribable shares through obtained employee share warrants (thousand shares)	No. of subscribable shares as a percentage (%) of total issued shares	Subscribed			Unsubscribed				
					No. of shares (thousand shares)	Subscription price (NTS)	Amount of shares subscribed	No. of shares as a percentage (%) of the total issued shares	No. of shares (thousand shares)	Subscription price	NTS amount of the shares (thousand NTS)	No. of shares as a percentage (%) of the total issued shares
Managers	CEO	Chuang, Yung-Shun	284	0.85%	-	Not applicable	-	-	384	110.5	31,382	0.85%
	G.M.	Chuang, Fu-Chung										
	Vice President	Chen, Ying-Te										
	Vice President	Chao, Hsing-Kuo										
	Head of Accounting	Yang, Hsiang-Chih										
Employee	The top ten employees (Note 1)		312	0.93%	125.00	110.5	13,813	0.37%	187	20,664	0.56%	

Note 1: Based on the principle of salary protection, the company does not publicly disclose the names and positions of individuals

VI. Employee restricted shares: None

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

VIII. Progress on planned use of capital:

(I) Content of plan

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

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

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

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

Unit: NTD\$ thousands

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

5. Expected benefits:

(1) Repayment of bank loans

The total amount to be raised from this cash capital increase by issuing common shares was NT\$264,000,000. Among this, NT\$105,000,000 was planned to be used for repaying bank loans. The funds were expected to be in place in April 2021. The bank loans are repaid



according to the agreement entered into with the bank based on the actual interest rate of 1.08-1.10% for short-term bank loans. Once paid, interest expenditure of NT\$765,000 is expected to be saved in 2022 and NT\$,1,147,000 thereafter. By doing so, the Company's financial burden can be reduced while at the same time increasing the Company's solvency and strengthening the financial structure, posing a positive factor on the Company's overall operational development and its flexibility to coordinate funds.

(2) Replenishment of working capital

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

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

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

(II) Execution

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

Unit: NT\$ Thousands

Contents of the Plan	Facts of implementation		2022 Q2	Progress ahead of or behind schedule, the reasons and the improvements of plan
Repayment of bank loans	Amount disbursed	Anticipated	105,000	The repayment of loans from financial institutions was completed in 2022 Q2 in line with the plan.
		Actual	105,000	
	Progress of implementation	Anticipated	100.00%	
		Actual	100.00%	
Replenishment of working capital	Amount disbursed	Anticipated	159,000	The replenishment of capital was completed in 2022 Q2 in line with the plan.
		Actual	159,000	
	Progress of implementation	Anticipated	100.00%	
		Actual	100.00%	
Total	Amount	Anticipated	264,000	

	disbursed	Actual	264,000
	Progress of implementation	Anticipated	100.00%
		Actual	100.00%

(III) Assessment of execution benefits

Units: NT\$ thousands

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

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

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

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

## FIVE Operational overview

### I. Business activities

#### (I) Scope of business

##### 1. Principal business activities

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

##### 2. Weight of business activities

Unit: NTD thousands

Item	Year	2022		2023	
		Amount	Revenue weight	Amount	Revenue weight
Medical computing solutions and accessories		1,558,717	97.40%	1,471,093	98.54%
Others (Note)		41,548	2.60%	21,767	1.46%
Total		1,600,265	100%	1,492,860	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 eight categories based on product characteristics and application:

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

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

Product Type	Product characteristics and application
Operating room medical display	Convenient integration of medical images in the operating room. Ultra-fine 4K resolution and color saturation to display true-to-life medical images.
Servers and mobile tablets for AI-ready endoscopic system	Utilize the high-performance Nvidia/Intel AI computing core modules and the safety of medical isolation to satisfy the demand for high-resolution endoscopic imaging and unparalleled mobile capacity.
Smart operating room image streaming system	Employ optical fibers as the medium to combine the transmission and integration of high-resolution image during surgical operation, realizing true digitization of

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

## (II) Industry Status Quo

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

Digital healthcare is based on the application of eHealth and information-communications technology (ICT) in the medical and healthcare factors proposed by the World Health Organization (WHO). These applications include healthcare, disease management, public health monitoring, education, and research. Mobile devices and

technology such as smartphones and PDAs can also be used to extend health and medical services through mobile health (mHealth). Other technologies such as IoT, big data analysis, robotics, artificial intelligence, and machine learning can also be incorporated.

Medical information systems serve as the infrastructure for AI analysis and data compilation in digital healthcare. High-performance medical information systems can provide cloud AI tools for structural analysis of e-patient records, process optimization, diagnostic assistance and patient record entry. By optimizing the medical process, they help physicians concentrate on the patient-doctor relationship and enhance the overall quality of medical care.

Demand-driven developments in digital healthcare include AI assistance for physicians in managing the routine physical health management of individual patients they see; preliminary AI detection or diagnosis of disease to help physicians improve their process efficiency; optimizing the medical process to improve the overall quality of medical care; provision of medical services that span multiple departments without time or geographic constraints; for certain diseases, continue to develop emerging digital therapies for psychological diseases that enhance individual psychological health.

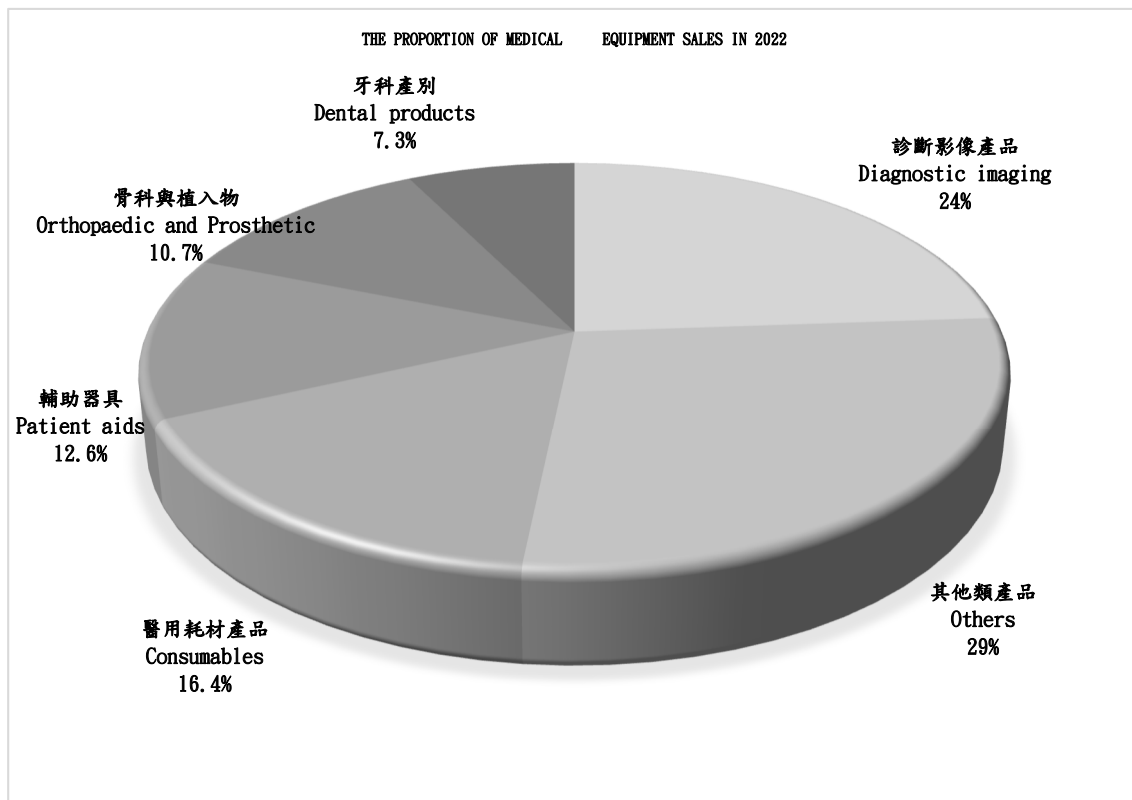
On the industry level, connected healthcare involves the use of sensors, hardware, software and interface, digital platforms, and services. Most attention is currently focused on front-end sensing and hardware. The types of data that can be measured remain limited at present. The wide variety of physiological health data means there are still many types of important health data that remain to be used. The use of innovative sensing technologies to realize the measurement and application of even more health and physiological measurements as well as improve the accuracy of the data will therefore be a key area of technological development in the future.

The COVID-19 pandemic had an impact on the overall product structure of medical devices. Once the global state of emergency was formally lifted in early 2023, demand in most sub-categories of medical devices returned to pre-pandemic levels. According to BMI Research data from 2023 compiled by IEK in May 2023, the distribution of medical device sales in 2022 (shown in Figure 1) showed that the largest single item was diagnostic imaging products, accounting (24%), an increase of 0.1% compared to 23.9% in 2021. The main reason for this was hospitals returning to their normal upgrade cycle now that the pandemic was coming to an end, resulting in steady market growth; medical consumables accounted for 16.5%, a decrease of 0.1% compared to 16.5% in 2021. This was mainly due to the decrease in demand for consumables from hospitalizations with serious symptoms, as most cases now had

milder symptoms even though the pandemic was not fully over in 2022. Demand therefore returned to normal; Assistive devices accounted for 12.6%, a decrease of 0.4% compared to 13% in 2021. This was mainly due to a jump in demand during the pandemic that elevated the base period. The drop in acute and seriously ill cases translated into lower demand and a reduction in overall share.

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

Figure 1



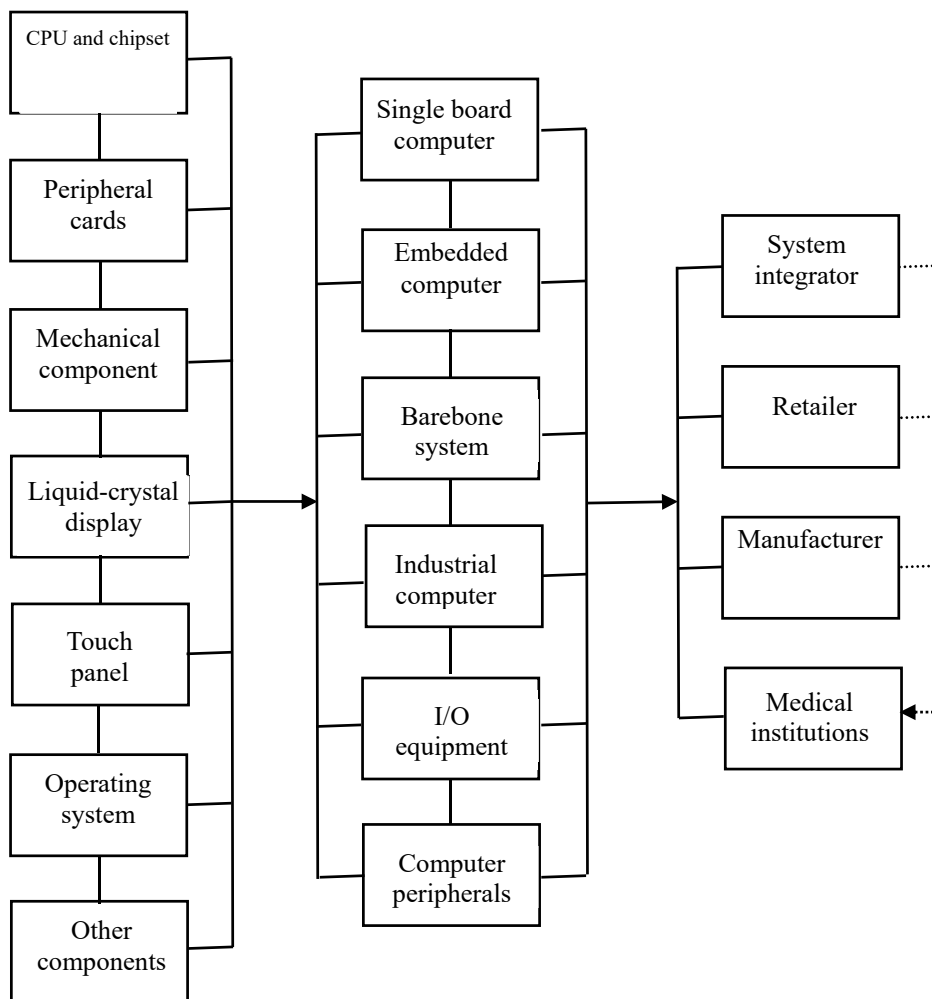
Source: BMI, 2023 & IEK,2023/05

2. Relationship between the upstream, midstream and downstream industries

Upstream

Midstream

Downstream



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

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

Depending on the sale format, downstream industries like retailers with engineering backgrounds, system integrators or equipment manufacturers sell the final products to medical institutions.

### 3. Development trends of various products

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

#### (1) Digitization



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

(2) Mobile service and paper-less operation

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

(3) Remote access

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

(4) Artificial Intelligence (AI)

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

#### 4. Competition

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

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

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

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

Unit: NTD thousands; %

Item \ Year	2023	Consolidated information up till publication date of annual report (March 31, 2024)
R&D budget	79,362	25,710
Net revenues	1,492,860	275,340
As a percentage of net revenues	5.32	9.34

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

Year	Technology or Product
2018	ACCEL Operating Room Medical Server Venus-123/153/173 Mini Mobile Cart Computer XXL ultra-high capacity medical power system 5”~7” mini medical handheld computer
2019	32” Operating Room high-end display XEON grade Medical AI server Ubiquitous Power Solution
2020	Gen 4 Venus Medical Cart Computers Advanced High-Power Power Bank Gen 5 Mate Medical All-in-1 PC Medical AI-Accelerated Server (ACCEL) Gen 2 Monitor for Digital OR
2021	Micro AI medical accelerator 5G high-speed transmission medical-grade mobile tablets World’s first ultra energy-efficient ARM-based medical tablets for Windows 11
2022	Endoscopy AI Workstation New Generation Medical Device HMI Computer Dental 3D Modeling All-In-One Machine
2023	AI interpretation work station for brain CAT scans AI intelligent computing box for abdominal ultrasound scans Next-generation intelligent medical battery

(IV) Long and Short Term Business Development Plans

## 1. Short-term business development plan

### (1) Marketing Strategies

- A. In response to the popularization of smart medical equipment in hospitals after the pandemic and on the premises that steady development of the medical equipment OEM/ODM market will take place in America, we will vigorously develop the medical IT equipment market for hospitals.
- B. In light of the increasing competition in America's medical equipment market, new market opportunities have emerged in the European OEM/ODM market, hence the Company will tap into the European medical devices OEM market by building on the foundation of years of steady development in the European medical IT market.
- C. Expand the manpower for developing professional medical equipment in conjunction with diverse international medical certification designs to optimize medical computer specifications, upgrading them to medical computers similar to medical instruments, thereby generating advantages by expediting medical OEM/ODM market development.
- D. Proactively invest in digital marketing to implement in-depth brand management. Focus on the "Onyx" brand and its highly customizable medical electronics equipment technology to tap into the smart medical IT equipment market in Europe, America, and Asia, as well as the customized OEM market of global medical device manufacturers.

### (2) R&D strategies

By building on the medical-grade electronics design that Onyx Healthcare specializes in and combining them with the global trend of home and remote medical care after the pandemic and the accelerated application of AI in medical assistance, we have incorporated AI applications into smart medical care services to provide comprehensive smart medical care solutions such as AI smart care, AI mobile nursing, AI surgical imaging assistance, and AI remote care.

### (3) Product strategies

- A. Accelerate and bolster partnerships with system integrators and medical software developers and collaborate with global distribution partners to launch smart medical solutions based on different medical care procedures to capitalize on smart medicine-related business opportunities.
- B. Provide QMS-certified medical instrument OEM services and vigorously obtain customized OEM service business opportunities from major European, American, and Asian medical device manufacturers to ensure stable and rapid performance growth.
- C. Continue to develop medical AI and medical IoT. In the future, we will collect big data for analysis and provide business intelligence to the management for decision-making purposes. The Company will also consolidate cloud databases to enhance the efficiency of equipment use and achieve smart medical applications.

- (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 and North America.
- B. Select vertical application markets and introduce new brands of application products.

## II. Market and Sale Status

### (I) Market Analysis

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

Unit: NTD thousands; %

By Region \ By Year	2022		2023	
	Sales Amount	Proportion	Sales Amount	Proportion
Domestic Sales	31,894	1.99%	31,432	2.11%
Oversea Sales	1,568,371	98.01%	1,461,428	97.89%
Total	1,600,265	100.00%	1,492,860	100.00%

#### 2. Market share

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

Sales in Europe and the Americas are the highest, with both accounting for over 90% of sales. In Europe, most of the products are sold to end-users by distributors; in the Americas, most of the products are sold on an ODM/OEM basis. Our two-pronged strategy of supplying both self-owned brand and OEM services is now distributed 3:7 in terms of revenue respectively. The "ONYX" self-owned brand has established itself in both domestic and European/American markets, and is now the leading brand in professional European medical channels. In the US, all tier-1 medical device vendors are now our key customers. We can offer customized design and revenue is now growing steadily.

As the Company's business involves ODM/OEM, some of the customers of its independent brand Onyx purchase the Company's medical-grade computers and sell them with other systems or devices with their medical equipment. There is no relevant market research statistics on market size as the medical computer equipment market is somehow closed. Therefore, based on the sales models and industry characteristics, there is no accurate data to show the market share.

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

Our observations of developments in the global medical devices industry suggest that the demand for innovative medical devices will continue to rise. The medical devices industry will also transition from the conventional model of R&D, manufacturing, and sales to a more diversified development model based on the digital fusion of products.

The key to global developments in digital healthcare is focusing on patient-physician relationships, and alignment with the existing medical processes/habits between patients and physicians, and the gap in medical demand. The use of digital technology to value-added and extended medical services from medical facilities to health management for businesses, communities, and individuals will be essential to the development of innovative

digital healthcare solutions.

Many countries have started introducing eHealth and digitization equipment. As a result, large amounts of medical data are now being stored on cloud servers in digital form. According to the 2023 research published by Frost & Sullivan compiled by IEK in May 2023, the global digital healthcare market was worth US\$206 billion in 2022 and is forecast to reach US\$416.1 billion (as shown in Fig. 2) by 2027. The compound annual growth rate (CAGR) between 2022 ~ 2027 is therefore placed at 15.1% p.a.

Source: 2023 Frost & Sullivan, and IEK (May 2023)

The global problem of aging populations is continuing to gain traction even as populations age at even faster rates. The World Population Prospects published by the UN in 2022 indicated that the global average life expectancy is continuing to grow. By 2050, the number of old people aged over 65 will reach 1.6 billion and account for over 16% of the global population. Those above the age of 80, in particular, are the fastest growing group. Increasing rates of obesity, sedentary lifestyles, a lack of exercise, and excessive hand-held devices will also accelerate the aging of bodily tissues and functions. Demand from business opportunities associated with medical devices related to aging as well as senior and long-term care are therefore expected to continue growing. According to the 2023 BMI Research report compiled by IEK in May 2023, the global medical device market in 2022 was worth approximately US\$483.27 billion, a 6.4% increase from 2021. The total value of the global medical device market is expected to continue increasing and is expected to grow to US\$5890.68 billion by 2027. CAGR between 2021 ~ 2025 is therefore forecast to reach 6.7%.

According to the 2023 BMI Research report compiled by IEK in May 2023, the global medical device market will continue to be dominated by the Americas with 51.7% of the global market; Western Europe will be the next largest market at 23.5% of the global market; The Asia-Pacific market will account of 18.2%, followed by Central European and Eastern European markets at 3.8%, and the Middle-East and Africa with 2.8%. Generally speaking, there will be little change in the relative rankings of regional markets in the future. The Americas, Western Europe, and Asia-Pacific will remain the top three markets with minor changes in their relative weights.

The US will remain the largest global market for medical devices, mostly due to an increase in the number of older people and people with chronic illnesses. The rapid increase in medical expenditure is stimulating an attendant demand for medical devices for disease treatment and follow-up monitoring/care. At the policy level, the Biden government is continuing to promote Obama-era policies on affordable health care and made in America as well as health insurance and investment in R&D. Government policy support suggests that high growth will be maintained.

As the second largest global market, Europe is also facing aging populations and increases in chronically ill patients. Demand for related medical products will therefore continue to grow. The introduction of the EU Medical Devices Regulation (MDR) will nonetheless have an impact on the medical devices market.

#### 4. Competitive Niche

At Onyx, we are integrating Taiwan's expertise in technology with medical techniques and care services. They are combined with global health technologies as well as aging populations to deliver comprehensive smart healthcare services that incorporate digital healthcare, mobile care, remote care and personalized health management.

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

We have worked with domestic software companies to provide smart hospitals with a total solution to improve the speed and accuracy of data transmission and recording. In addition to effectively allocating human resources, the solution also improves the efficiency and quality of diagnosis, eliminating the process of data writing by medical staff, achieving 100% data accuracy. In the future, we will work towards the analysis of huge amount of data in order to improve the efficiency of medical practices.

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

### (1) Advantages

#### A. Contactless medical service opportunities

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

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

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

#### C. Government policy support

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

### (2) Disadvantages and countermeasures

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

##### Countermeasures

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

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

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

##### Countermeasures

(A) Our company's financial department is constantly collecting

information on the changing foreign currency exchange rate, and actively consults with our bank partners on foreign exchange information and advice, so we can grasp the most appropriate moment to buy, sell or convert foreign currencies. In addition, factors like changing exchange rates also being considered when providing price quotes to our clients, so that reasonable profits for our company are guaranteed.

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

(II) Key applications of main products and manufacturing process

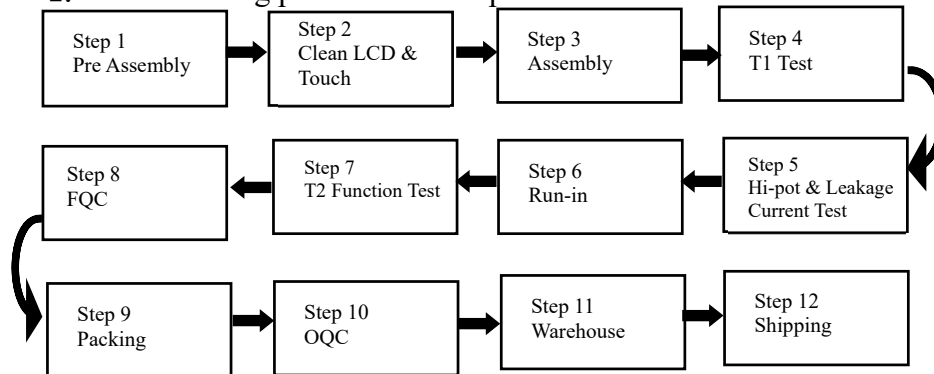
1. Key applications of main products

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



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

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

## 1. Main suppliers

Unit: NTD thousands

Item	2022				2023			
	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.	193,771	19.14	Parent company	AAEON Technology Inc.	93,591	12.17	Parent company
	Others	818,729	80.86	—	Others	675,547	87.83	—
	Net purchase	1,012,500	100	—	Net purchase	769,138	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 2022 and 2023 from which the Company purchases industrial motherboards. The Company's purchases from this company reduced was mainly due to the fact that our company has commissioned some motherboards from other suppliers to increase supply flexibility and stability.

## 2. Main buyers

Unit: NTD thousands

Item	2022				2023			
	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	192,904	12.05	—	Company A	211,827	14.19	—
	Others	1,407,361	87.95	—	Others	1,281,033	85.81	—
	Net sales	1,600,265	100.00	—	Net sales	1,492,860	100.00	—

Note 1: Buyers are presented using alias due to confidentiality agreement. The Company did not sell more than 10% to certain customers in 2021.

Explanation to variations:

Company A is the Company's ODM customer, mainly due to the increase in the shipment is mainly due to the good sales performance with this customer.

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

Unit: volume: pieces; value: NTD thousands

Year Production volume/value Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value

Medical computing solutions and accessories	30,000	26,640	737,852	30,000	27,532	714,164
Others (Note)	—	—	—	—	—	—
Total (Note)	—	—	737,852	—	—	714,164

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

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

Unit: volume: thousand pieces; value: NTD thousands

Year Sales volume/value Main products	2022				2023			
	Domestic Sales		Oversea Sales		Domestic Sales		Oversea Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Medical computing solutions and accessories	18,040	31,776	166,476	1,526,941	11,706	31,274	131,142	1,439,819
Others (Note)	—	118	—	41,430	—	158	—	21,609
Total (Note)	—	31,894	—	1,568,371	—	31,432	—	1,461,428

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		2022	2023	Up to the date of printing and publishing of this annual, March 31, 2024
Number of employees	Managers	11	12	12
	General employees	109	116	118
	Direct labor	26	25	23
	Total	146	151	153
Average age (years)		43.82	44.48	44.86
Average service years (year)		5.3	5.5	5.61
Distribution of education experience	Doctorate	1	1	1
	Master	34	35	35
	University or College-level	88	94	97

	High-school	23	21	20
	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) Describe any losses (including compensation) incurred from environment pollution, the total amount of penalty fines, and disclose any possible costs of future measures (including improvement plans) within the past year and up to the date of printing and publishing of this annual (may include estimated amounts of loss from failure to implement measures, penalties and compensation; please specify the reasons if the amount could not be reasonably estimated): none.

#### V. Labor Relation

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

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

###### (1) Insurance

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

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

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

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

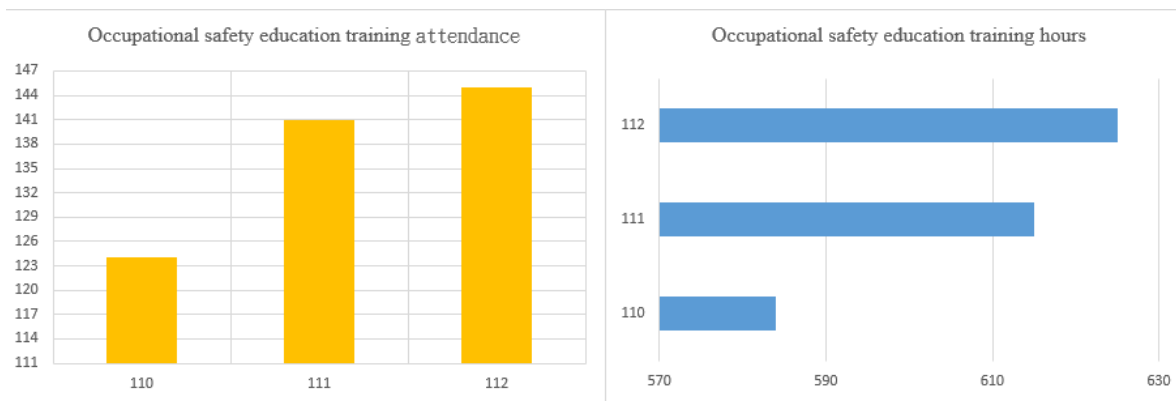
In order to promote occupational safety and health, we have designated occupational safety and health organization and dedicated personnel (professionals including OH&S personnel, class I occupational safety and health affairs managers, factory doctors and nurses), and report for recordation. We will also establish an OH&S committee to periodically review the progress and effectiveness of various OH&S affairs and implement workplace health promotion activities to value employees' mental and physical health.

###### C. Occupational safety and health management measures

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

D. Occupational safety and health education training

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



E. Monitoring of work environments

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

F. Facility safety management

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

G. Contractor management

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

#### H. Fire safety

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

#### (3) Welfare benefits

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

#### (4) Employee assistance

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

#### (5) Leaves and vacations

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

#### (6) Employee satisfaction survey

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

#### (7) Marriage, Funerals and Festivals

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

#### 2. Retirement system and implementation status

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

#### 3. Employee advancement and training status

To improve the quality and work proficiency of our employees, we actively encourage employees to participate in various training courses. In addition to planning internal training courses for the purpose of professional knowledge and skill inheritance,

employees may also apply for external training as necessary for work or business affair-related needs.

4. Labor-management agreement

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

5. Protection of various employee benefits and rights

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

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

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

VI. Important contracts:

Agreement	Counterparty	Expiry date	Major Content	Restriction
Short-term Loan Contract	Mega ICBC	2024/4/21	Capital turnover	None
	Taishin International Bank	2024/7/31	Capital turnover	None
	CTBC	2024/10/31	Capital turnover	None
	E.SUN BANK	2024/7/7	Capital turnover	Pledge of fixed deposits
	E.SUN BANK	2026/7/7	Capital turnover	Pledge of fixed deposits
Long-term Loan Contract	Mega ICBC	2021/4/22~2036/5/28	Motion for purchase of real property	None



## SIX Financial Summary

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

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

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

Unit: NTD thousands

Year		Financial information in the past five years				
		2019	2020	2021	2022	2023
Item						
Current Assets		776,699	763,280	698,415	939,028	870,966
Property, plant and equipment		23,781	20,440	24,321	296,155	349,380
Intangible Assets		553	5,134	4,589	5,593	3,517
Other Assets		577,853	604,351	974,608	726,132	824,345
Total Assets		1,378,886	1,393,205	1,701,933	1,966,908	2,048,208
Current Liabilities	Before allocation	288,720	279,181	431,310	318,887	305,151
	After allocation	420,769	402,977	564,355	485,194	(Note 1)
Total non-current liabilities		70,155	61,175	235,857	247,132	222,511
Total Liabilities	Before allocation	358,875	340,356	667,167	566,019	527,662
	After allocation	490,924	464,152	800,212	732,326	(Note 1)
Equity attributable to owners of the parent		1,007,930	1,042,936	1,025,895	1,391,843	1,511,593
Share capital		220,082	275,102	302,612	332,612	335,163
Capital surplus		473,856	478,566	462,673	679,472	708,803
Retained earnings	Before allocation	354,255	334,261	310,506	413,685	497,796
	After allocation	222,206	182,955	210,722	247,378	(Note 1)
Other Equity		(40,263)	(44,993)	(49,896)	(33,926)	(30,169)
Treasury shares		—	—	—	—	—
Non-controlling interest		12,081	9,913	8,871	9,046	8,953
Total Equity	Before allocation	1,020,011	1,052,849	1,034,766	1,400,889	1,520,546
	After allocation	887,962	929,053	901,721	1,234,582	(Note 1)

Source: Based on audited financial statements

Note 1: 2023 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

##### 2. Condensed balance sheet (separate)

Unit: NTD thousands

Year		Financial information in the past five years				
		2019	2020	2021	2022	2023
Item						
Current Assets		616,517	588,578	528,952	793,282	732,824
Property, plant and equipment		19,602	17,572	22,105	293,776	347,832
Intangible Assets		553	5134	4,589	5,593	3517
Other Assets		678,113	718,084	1,082,668	821,565	936,187
Total Assets		1,314,785	1,329,368	1,638,314	1,914,216	2,020,360
Current Liabilities	Before allocation	240,952	229,444	377,834	275,757	287,571
	After allocation	373,001	105,648	510,879	442,064	(Note 1)
Total non-current liabilities		65,903	56,988	234,585	246,616	221,197
Total Liabilities	Before allocation	306,855	286,432	612,419	522,373	508,768
	After allocation	438,904	437,738	745,464	688,680	(Note 1)
Equity attributable to owners of the parent		1,007,930	1,042,936	1,025,895	1,391,843	1,511,592
Share capital		220,082	275,102	302,612	332,612	335,163
Capital surplus		473,856	478,566	462,673	679,472	708,803
Retained earnings	Before allocation	354,255	334,261	310,506	413,685	497,795
	After allocation	222,206	210,465	210,722	247,378	(Note 1)
Other Equity		-40,263	(44,993)	(49,896)	(33,926)	(30,169)
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total Equity	Before allocation	1,007,930	1,042,936	1,025,895	1,391,843	1,511,592
	After allocation	875,881	891,630	892,850	1,225,536	(Note 1)

Source: Based on audited financial statements

Note 1: 2023 earnings appropriation has yet to be approved in shareholder meeting, hence no disclosure was made for amount after distribution.

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

Unit: NTD thousands

Year Item	Financial information in the past five years				
	2019	2020	2021	2022	2023
Operating revenue	1,482,944	1,347,304	1,201,760	1,600,265	1,492,860
Gross Profit	542,644	464,007	363,728	472,306	556,144
Operating Income	236,626	160,661	74,511	145,392	218,122
Non-operating Income and Expenses	53,284	41,951	65,601	96,642	86,878
Profit before income tax	289,910	202,612	140,112	242,034	305,000
Income (Losses) from Continuing Operations for the year	235,529	164,907	126,509	203,138	255,170
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	235,529	164,907	126,509	203,138	255,170
Other comprehensive income for the year (Net of income tax)	(9,391)	(4,730)	(4,903)	15,970	(1,088)
Total comprehensive income for the year	226,138	160,177	121,606	219,108	254,082
Profit attributable to shareholders of the parent	239,377	167,075	127,551	202,963	255,263
Profit attributable to Non-controlling interests	(3,848)	(2,168)	(1,042)	175	(93)
Total comprehensive income attributable to shareholders of the parent	229,986	162,345	122,648	218,933	254,175
Total comprehensive income attributable to Non-controlling interests	(3,848)	(2,168)	(1,042)	175	(93)
Earnings per share	10.88	6.07	4.22	6.24	7.65

Source: Based on audited financial statements

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

4. Condensed statement of comprehensive income (separate)

Unit: NTD thousands

Item \ Year	Financial information in the past five years				
	2019	2020	2021	2022	2023
Operating revenue	1,157,701	966,340	935,272	1,329,319	1,248,403
Gross Profit	409,571	315,160	261,184	373,965	413,967
Operating Income	236,603	146,497	79,686	178,800	211,254
Non-operating Income and Expenses	50,567	52,153	61,164	63,033	89,130
Profit before income tax	287,170	198,650	140,850	241,833	300,384
Income (Losses) from Continuing Operations for	239,377	167,075	127,551	202,963	255,262
Losses from Discontinued Operations	—	—	—	—	—
Profit for the year (Losses)	239,377	167,075	127,551	202,963	255,262
Other comprehensive income for the year (Net of income tax)	(9,391)	(4,730)	(4,903)	15,970	(1,088)
Total comprehensive income for the year	229,986	162,345	122,648	218,933	254,174
Earnings per share	10.88	6.07	4.22	6.24	7.65

Source: Based on audited financial statements

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

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

Auditing Year	Name of accounting firm	Name of CPA	Opinions
2019	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung, Lin, Chun-Yao	Unqualified Opinion
2020	PricewaterhouseCoopers Taiwan	Weng, Shih-Jung Lin, Chun-Yao	Unqualified Opinion
2021	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao Weng, Shih-Jung	Unqualified Opinion
2022	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao Weng, Shih-Jung	Unqualified Opinion
2023	PricewaterhouseCoopers Taiwan	Chang, Shu-Chiung Lin, Chun-Yao	Unqualified Opinion

## II. Financial analysis for the last 5 years

### (I) Financial analysis for consolidated report

Item (Note 1)		Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure(%)	Ratio of liabilities to assets	26.03	24.43	39.20	28.78	25.76
	Ratio of long-term capital to Property, plant and equipment	4,584.19	5,450.22	5,224.39	566.47	496.34
Solvency(%)	Current ratio	269.01	273.40	161.93	294.47	285.42
	Quick ratio	203.65	203.26	95.22	190.75	198.91
	Times interest earned	230.54	426.66	54.21	69.04	83.79
Operating ability	Account receivable turnover (times)	6.92	7.79	6.14	6.36	6.12
	Days sales in accounts receivable	53	47	59	57	60
	Inventory turnover (times)	4.76	4.25	3.15	3.28	2.89
	Account payable turnover (times)	7.98	7.97	7.45	9.59	10.66
	Average days in sales	77	86	120	111	126
	Property, plant and equipment turnover (times)	58.23	60.94	53.70	9.99	4.63
	Total assets turnover (times)	1.15	0.97	0.78	0.87	0.74
Profitability	Ratio of return on total assets (%)	18.31	11.93	8.31	11.23	12.86
	Ratio of return on equity(%)	24.23	15.91	12.12	16.68	17.52
	Ratio of profit before tax to Paid-in capital (%)	131.73	73.65	46.30	72.77	91.00
	Profit ratio (%)	15.88	12.24	10.53	12.69	17.09
	Earnings per share (\$)	10.88	6.07	4.22	6.24	7.65
Cash flow	Cash flow ratio(%)	130.39	68.45	3.97	50.74	114.47
	Cash flow adequacy ratio(%)	153.444	140.5744	77.34	82.64	86.85
	Cash reinvestment ratio(%)	40.48	9.63	(7.79)	3.52	9.78
Leverage	Degree of operating leverage	2.29	2.89	4.88	3.25	2.55
	Degree of financial leverage	1.01	1.00	1.04	1.03	1.02

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

1. Times interest earned increased : This was mainly due to increased profits in 2023.
2. Property, plant and equipment turnover decreased : The increase was mainly due to the acquisition of real estate in 2022.
3. Ratio of profit before tax to Paid-in capital 、 Profit ratio and EPS increased : This was mainly due to the growth of overall profits in 2023.
4. Cash reinvestment ratio increased : This was mainly due to strong profits and higher cash inflow from operating activities in 2023.
5. Degree of operating leverage decreased : This was mainly due to an increase in operating profits in 2023 compared to 2022.

Note 1 Formulas of the above calculations are shown below:

1. Financial position

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

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

2. Solvency

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

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

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

3. Operating efficiency

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Degree of leverage

(1) Degree of operating leverage =  $(\text{net operating revenues} - \text{variable operating costs and expenses}) / \text{operating profit}$ .

(2) Degree of financial leverage =  $\text{operating profit} / (\text{operating profit} - \text{interest expense})$ .



## 2. Financial analysis for separate report

Item (Note 1) \ Year		Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure(%)	Ratio of liabilities to assets	23.34	21.55	37.38	27.29	25.18
	Ratio of long-term capital to Property, plant and equipment	5,478.18	6,259.53	5,702.24	557.72	498.17
Solvency(%)	Current ratio	255.87	256.52	140.00	287.67	254.83
	Quick ratio	190.32	186.08	73.81	187.67	171.10
	Times interest earned	1,458.72	1,274.40	65.94	78.63	86.53
Operating ability	Account receivable turnover (times)	6.38	7.69	5.73	5.84	5.97
	Days sales in accounts receivable	57	47	64	62	61
	Inventory turnover (times)	4.68	3.82	3.04	3.24	3.07
	Account payable turnover (times)	7.35	7.75	8.53	10.17	10.96
	Average days in sales	78	96	120	113	119
	Property, plant and equipment turnover (times)	56.92	51.99	47.14	8.42	3.89
	Total assets turnover (times)	0.94	0.73	0.63	0.75	0.63
Profitability	Ratio of return on total assets (%)	19.40	12.65	8.71	11.57	13.12
	Ratio of return on equity(%)	24.99	16.29	12.33	16.79	17.58
	Ratio of profit before tax to Paid-in capital (%)	130.48	72.21	46.54	72.71	89.62
	Profit ratio (%)	20.68	17.29	13.64	15.27	20.45
	Earnings per share (\$)	10.88	6.07	4.22	6.24	7.65
Cash flow	Cash flow ratio(%)	149.15	81.95	5.10	83.58	110.02
	Cash flow adequacy ratio(%)	158.50	143.98	75.95	87.99	91.73
	Cash reinvestment ratio(%)	47.54	11.83	- 7.75	6.53	8.11
Leverage	Degree of operating leverage	1.72	2.16	3.32	2.13	1.96
	Degree of financial leverage	1.00	1.00	1.03	1.02	1.02

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

1. Times interest earned increased : This was mainly due to increased profits in 2023.
2. Property, plant and equipment turnover decreased : The increase was mainly due to the acquisition of real estate in 2022.

3. Ratio of profit before tax to Paid-in capital 、 Profit ratio and EPS increased :  
This was mainly due to the growth of overall profits in 2023.

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

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

#### Audit Committee Report

We have reviewed the Company's 2023 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.  
2024 Annual General Meeting

Audit Committee convener: Liao, Hsiu-Mei

February 27, 2024

- IV. Latest financial statements: please refer to pages 157 to 256.
- V. The latest audited standalone financial statements: Please refer to pages 257 to 352.
- 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	2023	2022	Difference	
			Amount	%(Note 1)
Current assets	\$870,965	\$939,028	(68,063)	-7.25%
Property, plant and equipment	349,380	296,155	53,225	17.97%
Intangible assets	3,517	5,593	(2,076)	-37.12%
Other assets	824,346	726,132	98,214	13.53%
Total assets	2,048,208	1,966,908	81,300	4.13%
Current liabilities	305,151	318,887	(13,736)	-4.31%
Non-current liabilities	222,511	247,132	(24,621)	-9.96%
Total liabilities	527,662	566,019	(38,357)	-6.78%
Share capital	335,163	332,612	2,551	0.77%
Capital surplus	708,803	679,472	29,331	4.32%
Retained earnings	497,795	413,685	84,110	20.33%
Total equity	1,520,546	1,400,889	119,657	8.54%
Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):				
1. Retained earnings increased: This was mainly due to increased net income after tax in 2023.				

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	2023	2022	Amount change	Ratio change
				%(Note 1)
Operating revenues	\$1,492,860	\$1,600,265	(107,405)	(6.71%)
Operating costs	936,716	1,127,959	(191,243)	(16.95%)
Gross profit	556,144	472,306	83,838	17.75%
Operating expenses	338,022	326,914	11,108	3.40%
Operating profit	218,122	145,392	72,730	50.02%
Non-operating income and expenses	86,878	96,642	(9,764)	(10.10%)
Profit before income tax	305,000	242,034	62,966	26.02%
Income tax expenses	49,830	38,896	10,934	28.11%
Profit for the year	255,170	203,138	52,032	25.61%
Explanation of variations (variations above 20% and amounting to NT\$10 million or higher):				
1. Operating profit increased: This was mainly due to the growth of revenue and profit.				
2. Profit before income tax, Income tax expenses and Profit for the year increased: This is mainly due to the increase in revenue and profit.				

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 2024, Onyx will continue building on top of its successful experience and execute strategies in ways that secure its future growth momentum.

### III. Cash flow

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

Unit: NTD thousands

Item	Year	2021	2020	Variation	Variation (%)
Operating activities		350,493	161,791	188,702	116.63
Investing activities		(184,357)	(31,032)	(153,325)	494.09
Financing activities		(128,537)	6,032	(134,569)	(2,230.92)
Net cash inflow (outflow)		37,881	145,993	(108,112)	(74.05)
Analysis of cash flow variation:					
(1) Operating activities: Mainly attributed to an increase in pre-tax profit in 2023 as well as the successful recovery and sale of account receivables and inventory.					
(2) Investing activities: The increase was mainly due to the acquisition of real estate and investments in 2023..					
(3) Financing activities: This was mainly due to distribution of cash dividends in 2023 and cash capital increase in 2022.					

(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
366,767	290,658	(297,000)	360,425	—	—
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 & Financing activities: This was mainly due plan to continue searching for suitable subjects and 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 have significant capital expenditure in the most recent year.

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

#### (I) Investment policies of the Company

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

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

The investments under equity method of the Company and its subsidiaries are for long-term strategic purposes. In 2023, the investment under equity method made a gain of NT\$62,872 thousand. In the future, the Company will continue with mainly long-term strategic investment and continue to carefully evaluate the reinvestment plans.

(III) Investment plans for the coming year:

We plan to continue searching for suitable subjects if conditions permit us to expand our strategic investment.

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\$3,557 thousands and NT\$3,684 thousands of interest expense in the last two years, representing 1.47% and 1.21% of pre-tax profit, respectively. Given the insignificant weight, a change in interest rate should not have any material impact on the Company's operations. The interest expenditures were mainly due to an increase in the purchase of real property and long-term and short-term loans. The Company monitors bank borrowing rates on a regular basis and maintains good relationship with banks to secure preferential rates for reduced interest expense. Furthermore, given the Company's strong financial position, good credibility and conservative capital plans, future interest rate changes should not impact the Company's overall operations to any significant degree.

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

The ratio of foreign exchange gain (loss) to operating income for 2023 recognized by the Company and its subsidiaries in 2023 was 0.5%. The change in exchange rate had no significant impact on the Company.

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

Neither the Company nor its subsidiaries sell products directly to consumers; therefore inflation has no direct or immediately impact on the Company. Furthermore,



there has been no change in inflation that significantly affected the Company's profit performance in the last year or up till the publication date of annual report.

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

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

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

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

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

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

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

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

1. Future R&D projects are as follow:

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

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

2. Projected R&D budgets are as follow:

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

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

Unit: NTD thousands

Year	2019	2020	2021	2022	2023
R&D budget	68,973	68,635	79,351	86,671	79,362

(2) Projected R&D budget for 2024: NT\$ 80 million

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

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

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

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

The Company constantly monitors changes in technology. As the population ages,

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

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

Driven by relentless pursuit for innovation and integrity and a mission to satisfy customers' needs, the Company has built a strong corporate image and earned the preference and trust of many customers by marketing its products under the proprietary brand - "onyx." No change in corporate image or crisis had occurred in the last year up till the publication date of annual report.

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

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

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

Not applicable.

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

1. Sales

Customers of the Company include system integrators, distributors, manufacturers and medical institutions. The largest customer accounted for 14.09% of the Company's net sales in the most recent year, and no excessive sales concentration was noticed.

2. Purchases

AAEON Technology Inc. has been our largest supplier in recent years, accounting for 12.17% of our net purchases. It mainly supplies us with industrial motherboards. The input amount is higher because most of our products are customized. We selected AAEON mainly due to quality concerns. To ensure supply flexibility and stability, we will source and assess new suppliers.

To increase supply flexibility and stability, the company is also gradually transitioning the manufacture of some motherboards supply, avoiding the risks associated with concentrated purchasing. To increase the flexibility and stability of our supply, the Company is also gradually diversifying our motherboard suppliers to avoid the risk of concentrated sourcing.

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

None.

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

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

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

None.

- (XIII) Other important risks and response measures

1. Information security risk assessment

- (1) Information security policy

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

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

- (2) Information security and network risks

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

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

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

antivirus is in place.

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

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

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

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

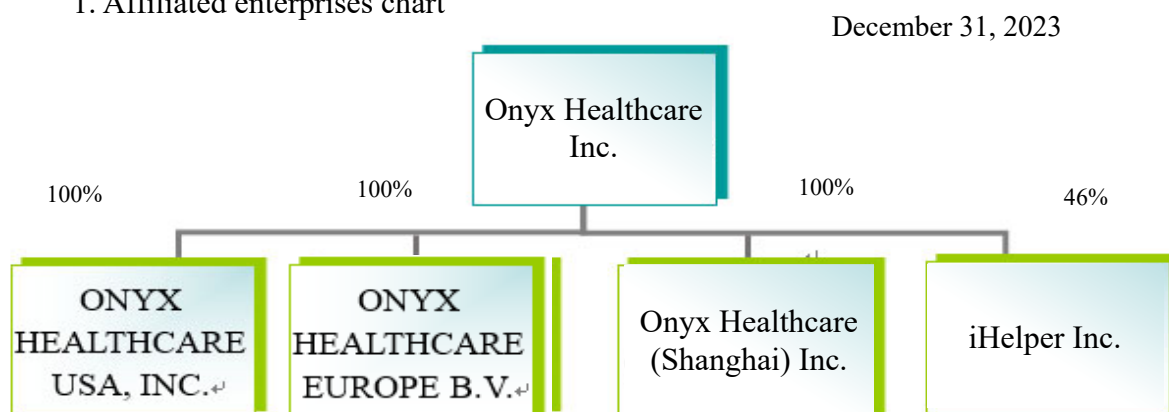
VII. Other material issues: None.

## EIGHT Special remarks

### I. Affiliated enterprises

#### (I) Consolidated business report

##### 1. Affiliated enterprises chart



##### 2. Profile of affiliated companies

December 31, 2023  
Unit: NTD thousands

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
ONYX HEALTHCARE USA, INC.	2011.11.22	CA Office: 324 W. Blueridge Ave., Orange, CA 92865	61,410	Sale of medical computing solutions and accessories
ONYX HEALTHCARE EUROPE B.V.	2012.4.20	Primulalaan 42,5582 GL Waalre, The Netherlands	3,398	Sale of medical computing and its peripherals
Onyx Healthcare (Shanghai) Inc.	2014.9.15	20F, unit D, GEM Building, No.487 Tianlin Road, Shanghai, China	63,566	Sale of medical computing solutions and accessories
iHelper Inc.	2018.2.26	10F., No.99, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	36,000	Research and development and sales of medical robots

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

4. Businesses covered by affiliated companies:

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

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

December 31, 2023

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.- Chuang, Fu-jun	–	–
	Director	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
ONYX HEALTHCARE EUROPE B.V.	Chairman	Onyx Healthcare Inc.- Chuang, Yung-Shun	100	100%
	Director	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	Onyx Healthcare Inc.- Chuang, Yung-Shun	Note	100%
	Director	Onyx Healthcare Inc.-Wang, Feng-Hsiang	–	–
	Director	Onyx Healthcare Inc.-Hsu, Chin-Lung	–	–
	Supervisor	Onyx Healthcare Inc.-Tu, Yun-Chen	–	–
iHelper Inc.	Chairman	Kinpo Electronics, Inc.- Chen, Wei-Chan	1,584	44%
	Director	Onyx Healthcare Inc.- Chuang, Yung-Shun	1,656	46%
	Director	Onyx Healthcare Inc.- Chen, Ying-Te	–	–
	Director	Kinpo Electronics, Inc.- Lin, Cheng-Sian	–	–
	Director	Lee, Tsu-Der	–	–
	Supervisor	Xi, Zhi-Jun	–	–

Note: Limited liability company

6. Performance of affiliated companies

December 31, 2023  
Unit: NTD thousands

Company name	Share capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Current period profit (loss) (after tax)	Earnings per share (NTD) (after tax)
ONYX HEALTHCARE USA, INC.	61,410	169,781	61,075	108,706	515,861	7,491	18,402	Note
ONYX HEALTHCARE EUROPE B.V.	3,398	34,725	12,106	22,619	65,107	2,118	1,779	Note
ONYX HEALTHCARE (SHANGHAI) LTD.	63,566	4,940	816	4,124	23	(2,497)	(2,428)	Note
IHELPER INC.	36,000	15,344	164	15,180	0	(1,642)	(1,570)	(0.44)

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 2023. 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 156.

(III) Relationship report: Not applicable.

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



ONYX Healthcare Inc.

Declaration concerning consolidated financial statements of affiliated enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for the 2023 financial year (from January 1 to December 31, 2023). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements. Therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

This declaration is solemnly made by

Company name: Onyx Healthcare Inc.

Person-in-charge: Chuang, Yung-Shun

February 27, 2024

## Independent Auditor's Report

(113)-Cai-Shen-Bao-Zi No. 23003066

To stakeholders of ONYX Healthcare Inc.:

### **Audit opinion**

We have audited the accompanying consolidated balance sheet of ONYX Healthcare Inc. and subsidiaries (referred to as "ONYX Group" below) as at December 31, 2023 and 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement from January 1 to December 31, 2023 and 2022, and notes to consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit results of other auditors (please refer to the Other Issues paragraph), all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of ONYX Group as of December 31, 2023 and 2022, and consolidated business performance and cash flow for the periods January 1 to December 31, 2023 and 2022.

### **Basis of audit opinion**

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

### **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 consolidated financial statements of ONYX Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2023 consolidated financial statements of ONYX Group are as follows:

### **Existence of sales revenue**

#### Description

Please refer to Note 4(28) for accounting policy on revenue recognition. For a detailed description of revenue accounts, please refer to Note 6(21) of the consolidated financial statements.

Onyx Healthcare Group's main business is the design, manufacturing and sales of medical computers and peripheral equipment. Because product project orders are easily affected by the customer's product project cycle, it is necessary to strive to develop new markets and undertake new project orders. Therefore, the operating revenue of each period may be subject to change in market trend. With reference to industry reports and peer information, the overall market trend has declined for the current period, while the operating revenue of some products is growing and the impact on the amount is significant. Therefore, we have listed the existence of the above-mentioned sales revenue as one of the most important audit matters for the current year.

#### Audit procedures

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

1. Assessment and testing of internal control processes on sales transactions to determine whether transactions were carried out according to the group's internal control system during the reporting period and to confirm the accuracy of the Group's product classification.
2. Obtain and verify the above-mentioned operating revenue, transaction and related documents on a sample basis, and confirm that the customer has acquired the control of the product and assumed the product risk before recognizing the revenue.

## **Accounting estimates for inventory valuation**

### Description

For accounting policies on inventory valuation, please refer to Note 4(14) of the consolidated financial statements; for major accounting estimates, assumptions, and uncertainties on inventory valuation, please refer to Note 5(2) of the consolidated financial statements; for detailed inventory accounts, please refer to Note 6(5) of the consolidated financial statements.

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

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

### Audit procedures

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

1. Evaluating the policy adopted by ONYX Group to make provisions for inventory devaluation losses, based on our understanding of the group's operations and industry nature.
2. Examining details of individual inventory items that the management had considered to be obsolete, and verifying against supporting documents.
3. Testing the market prices based upon which net realizable values of individual inventory items were established, and making random checks to ensure that net realizable values were correctly calculated.

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

Amongst the equity-accounted business investments presented in the consolidated financial statements of ONYX Group, some of which had financial statements audited by other CPAs that we did not take part of. Therefore, opinions made in the consolidated financial statements mentioned above in regards to such businesses were based on audited reports of other CPAs. As at December 31, 2023 and 2022, balances of the abovementioned equity-accounted investments totaled NT\$629,526 thousand and NT\$606,637 thousand, respectively, both representing 31% of consolidated total assets. For the periods from January 1 to December 31, 2023 and 2022, comprehensive income recognized from the abovementioned companies totaled NT\$71,691 thousand and NT\$74,696 thousand, representing 28% and 34% of consolidated comprehensive income, respectively.

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

ONYX Healthcare Inc. has prepared standalone financial statements for 2023 and 2022, to which we have issued an independent auditor's report with unqualified opinion and made additional disclosures in the Other issues paragraph.

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

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether due to fraud or error.

The management's responsibilities when preparing financial statements also involved: assessing the ability of ONYX Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

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

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

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

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

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of ONYX Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of ONYX Group to operate as a going concern, based on the audit evidence obtained. We are bound to remind consolidated financial statement users and make related disclosures if material uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or circumstances may still render ONYX Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of individual entities within the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the group.

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

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

We have identified the key audit issues after communicating with the governance body regarding the 2023 consolidated financial statements of ONYX Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

PwC Taiwan

CPA

Chang, Shu-Chiung

Lin, Chun-Yao

Former Financial Supervisory Commission, Executive Yuan  
Approval reference: Jin-Guan-Zheng-Shen-Zi No. 0990042602  
(Formerly known as) Securities and Futures Commission,  
Ministry of Finance  
Approval reference: (85)-Tai-Cai-Zheng-(VI) No. 68702

February 27, 2024



ONYX Healthcare Inc. and Subsidiaries  
Consolidated balance sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 366,767	18	\$ 328,886	17
1110	Financial assets at fair value through profit or loss - current	6(2)	11,389	1	7,211	-
1136	Financial assets at amortized cost - current	6(3) and 8	31,626	2	-	-
1150	Net notes receivable	6(4)	3	-	-	-
1170	Net accounts receivable	6(4)	191,375	9	264,279	14
1180	Accounts receivable - related parties, net	7	748	-	1,046	-
1200	Other receivables		2,144	-	4,120	-
1220	Current income tax asset		695	-	1,030	-
130X	Inventory	6(5)	245,689	12	311,527	16
1410	Prepayments		18,294	1	19,230	1
1470	Other current assets	8	2,235	-	1,699	-
11XX	<b>Total current assets</b>		<u>870,965</u>	<u>43</u>	<u>939,028</u>	<u>48</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	34,637	2	26,956	1
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	68,756	3	27,536	2
1550	Equity-accounted investments	6(7)	664,211	32	606,637	31
1600	Property, plant and equipment	6(8), 7 and 8	349,380	17	296,155	15
1755	Right-of-use assets	6(9)	34,331	2	36,421	2
1780	Intangible assets		3,517	-	5,593	-
1840	Deferred income tax assets	6(26)	20,244	1	25,015	1
1900	Other non-current assets	8	2,167	-	3,567	-
15XX	<b>Total non-current assets</b>		<u>1,177,243</u>	<u>57</u>	<u>1,027,880</u>	<u>52</u>
1XXX	<b>Total assets</b>		<u>\$ 2,048,208</u>	<u>100</u>	<u>\$ 1,966,908</u>	<u>100</u>
<b>Current liabilities</b>						
2100	Short-term loans	6(12)	\$ 27,000	1	\$ -	-
2130	Contractual liabilities - current	6(21)	61,847	3	64,733	3

ONYX Healthcare Inc. and Subsidiaries  
Consolidated balance sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

2170	Accounts payable		67,160	3	83,348	4
2180	Accounts payable - related parties	7	1,395	-	23,009	1
2200	Other payables	6(13) and 7	79,704	4	74,270	4
2230	Current income tax liabilities		43,380	2	46,954	3
2250	Liability reserves - current	6(16)	7,585	1	7,367	-
2280	Lease liabilities - current		2,842	-	5,746	-
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,476	1	10,376	1
2399	Other current liabilities - others		<u>3,762</u>	<u>-</u>	<u>3,084</u>	<u>-</u>
21XX	<b>Total current liabilities</b>		<u>305,151</u>	<u>15</u>	<u>318,887</u>	<u>16</u>

(Continued next page)

ONYX Healthcare Inc. and Subsidiaries  
Consolidated balance sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	53,301	3	67,860	4
2540	Long-term loans	6(14)	134,499	7	144,910	7
2550	Liability reserves - non-current	6(16)	2,364	-	2,327	-
2570	Deferred income tax liabilities	6(26)	423	-	-	-
2580	Lease liabilities - non-current		31,924	1	30,887	2
2645	Guarantee deposits received	7	-	-	1,148	-
25XX	<b>Total non-current liabilities</b>		222,511	11	247,132	13
2XXX	<b>Total liabilities</b>		527,662	26	566,019	29
<b>Equity</b>						
<b>Equity attributable to parent</b>						
<b>company shareholders</b>						
	Share capital	6(18)				
3110	Common share capital		335,163	16	332,612	17
	Capital reserves	6(17)(19)				
3200	Capital reserves		708,803	35	679,472	35
	Retained earnings	6(20)				
3310	Legal reserves		151,706	7	131,410	7
3320	Special reserves		33,926	2	49,896	2
3350	Unappropriated earnings		312,163	15	232,379	12
	Other equity items					
3400	Other equity items		( 30,169)	( 1)	( 33,926)	( 2)
31XX	<b>Total equity attributable to parent company shareholders</b>		1,511,592	74	1,391,843	71
36XX	<b>Non-controlling equity</b>	4(3)	8,954	-	9,046	-
3XXX	<b>Total equity</b>		1,520,546	74	1,400,889	71
	Major post-balance sheet date events	11				
3X2X	<b>Total liabilities and equity</b>		\$ 2,048,208	100	\$ 1,966,908	100

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

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

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

Item	Note	2023		2022		
		Amount	%	Amount	%	
4000	Operating revenues	6(21) and 7	\$ 1,492,860	100	\$ 1,600,265	100
5000	Operating costs	6(5)(24)(25) and 7	( 936,716)	( 63)	( 1,127,959)	( 71)
5900	Gross profit		556,144	37	472,306	29
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		( 181,659)	( 12)	( 162,364)	( 10)
6200	Administrative expenses		( 77,324)	( 5)	( 79,228)	( 5)
6300	R&D expenses		( 79,362)	( 6)	( 86,671)	( 5)
6450	Expected credit impairment loss/reversal gain	12(2)	323	-	1,349	-
6000	Total operating expenses		( 338,022)	( 23)	( 326,914)	( 20)
6900	Operating profit		218,122	14	145,392	9
	Non-operating income and expenses					
7100	Interest income		2,985	-	981	-
7010	Other income	6(22) and 7	12,369	1	26,254	2
7020	Other gains and losses	6(23) and 7	12,336	1	10,028	-
7050	Financial costs		( 3,684)	-	( 3,557)	-
7060	Share of profits/losses on equity-accounted associated companies and joint ventures		62,872	4	62,936	4
7000	Total non-operating income and expenses		86,878	6	96,642	6
7900	<b>Pre-tax profit</b>		305,000	20	242,034	15
7950	Income tax expense	6(26)	( 49,830)	( 3)	( 38,896)	( 2)
8200	<b>Current net income</b>		\$ 255,170	17	\$ 203,138	13
	<b>Other comprehensive income (net)</b>					

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

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

**Items not reclassified into profit or  
loss**

8316	Unrealized gain/loss on valuation of (6) equity instruments at fair value through other comprehensive income	(\$ 5,394)	-	(\$ 4,845)	( 1)
8320	Share of other comprehensive income from equity-accounted associated companies and joint ventures - not reclassified into profit or loss	3,853	-	11,164	1
8310	Items not reclassified into profit or loss - total	( 1,541)	-	6,319	-

(Continued next page)

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

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

Item	Note	2023		2022	
		Amount	%	Amount	%
<b>Items likely to be reclassified into profit or loss</b>					
8361	Financial statement translation differences arising from foreign operations	421	-	11,319	1
8370	Share of other comprehensive income from equity-accounted associated companies and joint ventures - likely to be reclassified into profit or loss	116	-	596	-
8399	Income tax on items that are likely to be reclassified into profit or loss	( 84)	-	( 2,264)	-
8360	Items likely to be reclassified into profit or loss - total	453	-	9,651	1
8300	<b>Other comprehensive income (net)</b>	(\$ 1,088)	-	\$ 15,970	1
8500	<b>Total comprehensive income for the current period</b>	\$ 254,082	17	\$ 219,108	14
Net income (loss) attributable to:					
8610	Parent company shareholders	\$ 255,262	17	\$ 202,963	13
8620	Non-controlling equity	( 92)	-	175	-
	<b>Total</b>	\$ 255,170	17	\$ 203,138	13
Comprehensive income attributable to:					
8710	Parent company shareholders	\$ 254,174	17	\$ 218,933	14
8720	Non-controlling equity	( 92)	-	175	-
	<b>Total</b>	\$ 254,082	17	\$ 219,108	14

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

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

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

EPS	6(27)				
9750	Basic earnings per share	\$	7.65	\$	6.24
		<hr/>		<hr/>	
9850	Diluted earnings per share	\$	7.59	\$	6.20
		<hr/>		<hr/>	

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

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

Unit: NT\$ thousand

	Note	Equity attributable to parent company shareholders						Total	Non-controlling equity	Total	
		Retained earnings					Other equity items				
		Common share capital	Capital reserves	Legal reserves	Special reserves	Unappropriated earnings	Financial statement translation differences arising from foreign operations				Unrealized gains/losses on financial assets at fair value through other comprehensive income
<u>2022</u>											
Balance as at January 1, 2022		\$ 302,612	\$ 462,673	\$ 118,655	\$ 44,993	\$ 146,858	(\$ 12,500 )	(\$ 37,396 )	\$ 1,025,895	\$ 8,871	\$ 1,034,766
Current net income		-	-	-	-	202,963	-	-	202,963	175	203,138
Other current comprehensive income		-	-	-	-	-	9,651	6,319	15,970	-	15,970
Total comprehensive income for the current period		-	-	-	-	202,963	9,651	6,319	218,933	175	219,108
Appropriation and distribution of 2021 earnings:	6(20)										
Provision for legal reserves		-	-	12,755	-	( 12,755 )	-	-	-	-	-
Provision for special reserves		-	-	-	4,903	( 4,903 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 99,784 )	-	-	( 99,784 )	-	( 99,784 )
Cash issue	6(18)(19)	30,000	233,100	-	-	-	-	-	263,100	-	263,100
Cost of cash issue reserved for subscription by employees as remuneration	6(17)(19)	-	8,174	-	-	-	-	-	8,174	-	8,174
Distribution of cash from capital reserves	6(19)(20)	-	( 33,261 )	-	-	-	-	-	( 33,261 )	-	( 33,261 )
Share-based payment	6(17)(19)	-	8,786	-	-	-	-	-	8,786	-	8,786
Balance as at December 31, 2022		\$ 332,612	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849 )	(\$ 31,077 )	\$ 1,391,843	\$ 9,046	\$ 1,400,889
<u>2023</u>											
Balance as at January 1, 2023		\$ 332,612	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849 )	(\$ 31,077 )	\$ 1,391,843	\$ 9,046	\$ 1,400,889
Current net income (loss)		-	-	-	-	255,262	-	-	255,262	( 92 )	255,170
Other current comprehensive income		-	-	-	-	-	453	( 1,541 )	( 1,088 )	-	( 1,088 )
Total comprehensive income for the current period		-	-	-	-	255,262	453	( 1,541 )	254,174	( 92 )	254,082
Appropriation and distribution of 2022 earnings:	6(20)										
Provision for legal reserves		-	-	20,296	-	( 20,296 )	-	-	-	-	-
Reversal for special reserve		-	-	-	( 15,970 )	15,970	-	-	-	-	-
Cash dividends		-	-	-	-	( 166,307 )	-	-	( 166,307 )	-	( 166,307 )
Share-based payment	6(17)(19)	-	3,590	-	-	-	-	-	3,590	-	3,590
Exercise of employee warrants	6(18)(19)	2,551	25,741	-	-	-	-	-	28,292	-	28,292
Reclassification of equity instruments at fair value through other comprehensive income	6(6)	-	-	-	-	( 4,845 )	-	4,845	-	-	-
Balance as at December 31, 2023		\$ 335,163	\$ 708,803	\$ 151,706	\$ 33,926	\$ 312,163	(\$ 2,396 )	(\$ 27,773 )	\$ 1,511,592	\$ 8,954	\$ 1,520,546

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih



ONYX Healthcare Inc. and Subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 305,000	\$ 242,034
Adjustments			
Income, expenses, and losses			
Depreciation	6(8)(9) (24)	21,619	23,109
Depreciation of investment properties (presented as other gains and losses)	6(12) (23)	-	1,627
Amortization	6(24)	2,476	2,095
Expected credit impairment loss/reversal gain	12(2)	( 323 )	( 1,349 )
Gain (loss) on financial assets at fair value through profit or loss	6(2)(23)	( 11,859 )	12,468
Interest expenses		3,684	3,557
Interest income		( 2,985 )	( 981 )
Dividend income	6(22)	( 408 )	( 3,709 )
Share-based payment - remuneration	6(17)	3,590	16,960
Share of profit from equity-accounted associated companies		( 62,872 )	( 62,936 )
Gain on disposal of property, plant, and equipment	6(23)	-	( 250 )
Gain on lease amendment	6(9)(23)	( 5 )	( 91 )
Gain on elimination of overdue contract liabilities	6(22)	-	( 3,986 )
Change in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Financial assets at fair value through profit or loss		-	( 19 )
Notes receivable		( 3 )	-
Accounts receivable		73,435	( 60,049 )
Accounts receivable - related parties		299	1,627
Other receivables		1,976	444
Inventory		65,838	( 40,308 )
Prepayments		936	( 2,744 )
Other current assets		( 536 )	( 88 )
Net change in liabilities related to operating activities			
Contractual liabilities		( 17,445 )	18,596
Accounts payable		( 16,188 )	( 8,509 )
Accounts payable - related parties		( 21,614 )	( 9,664 )
Other payables		5,297	1,139
Other payables - related parties		( 834 )	1,125
Liability reserves		255	1,423
Other current liabilities		678	( 2,722 )
Cash inflow from operating activities		350,011	128,799
Interests received		2,985	981
Dividends received		49,208	48,845
Interests paid		( 3,680 )	( 3,580 )
Income tax refunded		-	5,906
Income tax paid		( 48,031 )	( 19,160 )
Net cash inflow from operating activities		350,493	161,791

ONYX Healthcare Inc. and Subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
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ONYX Healthcare Inc. and Subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flow from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 5,335 )
Disposal of financial assets at fair value through profit or loss		-	5,250
Acquisition of financial assets at amortized cost		( 31,626 )	-
Acquisition of financial assets at fair value through other comprehensive income		( 71,769 )	-
Acquisition of equity-accounted investments		( 14,380 )	( 15,802 )
Acquisition of property, plant, and equipment	6(28)	( 67,582 )	( 11,952 )
Disposal of property, plant, and equipment		-	250
Acquisition of intangible assets		( 400 )	( 3,099 )
Decrease (increase) in guarantee deposits paid (presented as other non-current assets)		1,400	( 344 )
Net cash outflow from investing activities		<u>( 184,357 )</u>	<u>( 31,032 )</u>
<u>Cash flow from financing activities</u>			
Net increase (decrease) in short-term loans	6(29)	27,000	( 105,000 )
Repayment of long-term loan	6(29)	( 10,311 )	( 10,501 )
Repayment of lease principal	6(29)	( 6,063 )	( 8,522 )
Decrease in guarantee deposits received		( 1,148 )	-
Cash issue	6(18)	-	263,100
Cash dividends paid	6(20)	( 166,307 )	( 99,784 )
Exercise of employee warrants		28,292	-
Distribution of cash from capital reserves	6(20)	-	( 33,261 )
Net cash (outflow) inflow from financing activities		<u>( 128,537 )</u>	<u>6,032</u>
Exchange rate impact		282	9,202
Increase in cash and cash equivalents for the current period		37,881	145,993
Opening cash and cash equivalents balance	6(1)	328,886	182,893
Closing cash and cash equivalents balance	6(1)	<u>\$ 366,767</u>	<u>\$ 328,886</u>

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries  
Notes to consolidated financial statements  
2023 and 2022

Unit: NT\$ thousand  
(unless specified otherwise)

1. Company history

ONYX Healthcare Inc. (the "Company") was incorporated on February 2, 2010 in the Republic of China. The Company and its subsidiaries (collectively referred to as "Group" below) are mainly involved in the design, manufacturing, and trading of medical computers and peripherals. AAEON Technology Inc. holds 48.50% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Group's ultimate parent.

2. Financial statement approval date and procedures

This consolidated financial report was passed during the board of directors meeting dated February 27, 2024.

3. Application of new standards, amendments and interpretations

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2023:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 regarding "International Tax Reform Pillar Two Model Rules"	May 23, 2023

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

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 16 regarding "Lease liability in a sale and leaseback"	January 1, 2024
Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 regarding "Non-current Liabilities with Covenants "	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding "Supplier Finance Arrangements"	January 1, 2024

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

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

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

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Pending final decision from IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

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

4. Summary of significant accounting policies

Below is a summary of significant accounting policies used for the preparation of consolidated

financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(1) Statement of compliance

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

(2) Basis of preparation

1. This consolidated financial report is prepared based on historical cost, except for items including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
2. Preparation of IFRSs-compliant financial report involves some use of critical accounting estimates, and the management is required to exercise some judgment when applying the Group's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates in relation to the consolidated financial report.

(3) Basis of consolidation

1. Basis of preparation for consolidated financial report

- (1) The Group includes all subsidiaries for the preparation of consolidated financial report. A subsidiary refers to an entity in which the Group exercises control. The Group is considered to exercise control if it is exposed or entitled to variable returns generated by the entity and has the power to influence such return. Subsidiaries are included in the consolidated financial report from the day the Group gains control and removed from the day control is lost.
- (2) Any transactions, balances, and unrealized gains/losses between the same group Group companies have been eliminated. The subsidiaries have made the necessary adjustments to align their accounting policies with that of the Group.
- (3) All compositions of profit and loss and other comprehensive income are attributable to parent company shareholders and non-controlling shareholders. At the same time, the total comprehensive income is also attributable to parent company shareholders and non-controlling shareholders, even if doing so would cause non-controlling shareholders to suffer losses.
- (4) Transfers of equity ownership in a subsidiary with non-controlling shareholders that do not result in a loss of control are accounted as equity transactions and treated as transactions between business owners. The difference between the adjusted amount in non-controlling equity and the fair value of the consideration paid/received is directly recognized directly in equity.



(5) When the Group loses control in a subsidiary, remaining investments in the former subsidiary are remeasured at fair value and presented as the initial fair value of the reclassified financial asset or the cost of the reclassified associated company or joint venture. Differences between the fair value and the book value are recognized in current profit and loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for on the same basis as if the Group had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified from equity into profit and loss when the Group loses control in the subsidiary.

2. Subsidiaries included in the consolidated financial report:

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

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

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

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



5. Significant limitations: None.

6. Subsidiaries with non-controlling owners significant to the Group: The Group had non-controlling equity outstanding at \$8,953 and \$9,046 on December 31, 2023 and 2022, respectively. None of the non-controlling shareholders were significant to the Group.

(4) Foreign currency conversion

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

1. Foreign currency transaction and balance

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

2. Currency conversion for foreign operations

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

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

(5)Classification of current and non-current assets and liabilities

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

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

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

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

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

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

(6)Cash equivalents

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

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

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

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

1. Refers to equity instruments not held for trading for which an irrevocable choice was made at initiation to account for subsequent fair value changes through other comprehensive income.
2. The Group adopts trade day accounting to account for financial assets at fair value through other comprehensive income that conforms with normal trade terms.
3. These assets are recognized at fair value at initiation inclusive of transaction cost, and are subsequently measured at fair value:
  - A. Changes in the fair value of equity instruments are recognized through other comprehensive income. When the asset is removed from the balance sheet, all cumulative gains/losses previously recognized through other comprehensive income cannot be reclassified to profit and loss and are transferred to retained earnings instead. Dividend income is recognized in the consolidated statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

(9)Financial assets carried at cost after amortization

1. Refers to those who meet the following conditions at the same time:
  - (1) The financial asset is held under the business model for the purpose of collecting contractual cash flow.
  - (2) The cash flow generated on a specific date due to the contract terms of the financial asset is solely for use on paying the interest of the principal and the outstanding principal.
2. The Company's time deposits that do not meet the cash equivalents are held for a short period of time, so the impact of discounting is not significant, and they are measured at the investment amount.

(10)Accounts and notes receivable

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

(11)Impairment of financial assets

Accounts receivable with significant financing components are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit a significant increase in credit risk after initial recognition have loss reserves

measured based on expected credit loss over the remaining duration. Accounts receivable that do not contain significant financing components have loss reserves measured based on expected credit loss over the remaining duration.

(12)Removal of financial assets

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

(13)Lease transaction as a lessor - operating lease

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

(14)Inventory

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

(15)Equity-accounted investments - associated companies

1. Associated company refers to an entity in which the Group exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Group accounts for associated companies using the equity method. Value at initial acquisition is accounted for at cost.
2. Share of profits/losses from associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the Group's share of losses in an associated company equals to or exceeds its equity interest in the associated company (including any other unsecured receivables), the Group will not recognize the extra losses unless the Group has a legal obligation or constructive obligation to pay, or has paid, liabilities on behalf of the associated company.
3. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income, and shareholding percentage, the Group will recognize the change of ownership proportionally in "Capital reserve."
4. Unrealized gains arising from transactions between the Group and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also

eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Group.

5. If the Group disposes of an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Group had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Group loses significant influence in the associated company. If the Company still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.

(16)Property, plant and equipment

1. All property, plant and equipment are recorded at cost.
2. Subsequent costs incurred are added to book value or recognized as separate assets only when future economic benefits associated with the costs are likely to be realized by the Group. Such costs can be reliably measured. Book values of replaced components are removed from the balance sheet. All other maintenance expenses are recognized in current profit and loss when incurred.
3. Property, plant and equipment are subsequently measured at cost (except for land, which is not depreciated) and are depreciated on a straight-line basis over their estimated useful lives. Significant compositions of property, plant, and equipment are depreciated separately.
4. The Group reviews the residual value, useful life, and depreciation method of all assets at the end of each financial year. If the residual value or useful life differs from the previous estimate, or if there is any material change to how an asset's future economic benefit is realized, the difference would be treated as a change in accounting estimate according to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" from the day the change occurs. The useful lives of various asset categories are explained in Note 6(8).

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

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

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

3. Right-of-use assets are recognized at cost on the lease start date. The cost includes:

- (1) Initial measured amount in lease liability; and
- (2) Any direct cost incurred at initiation.

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

4. If there is any contract amendment that reduces the scope of the lease, the lessor will reduce the book value of the right-of-use asset accordingly to reflect partial or total termination of the lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

#### (18) Intangible assets

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

#### (19) Impairment of non-financial assets

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

#### (20) Loans

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

(21)Accounts payable

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

(22)Removal of financial liabilities

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

(23)Liability reserves

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

(24)Employee benefits

1. Short-term employee benefits

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

2. Pension - Defined contribution plan

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

3. Employees' and directors' remuneration

Employees' and directors' remuneration are recognized as expense and liability when the entity becomes legally obligated or is deemed obligated to pay, and the amount can be reasonably estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate.



## (25) Share-based payment

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

## (26) Income tax

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

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

(27) Dividend distribution

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

(28) Revenue recognition

1. Sales of goods

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

2. Warranty income

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

(29) Government subsidies

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

(30) Operating segments

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

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

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

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

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

Book value of the Group's inventory as at December 31, 2023 totaled \$245,689.

6. Notes to major accounts

(1)Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash	\$ 426	\$ 320
Check and current deposit	350,989	297,856
Time deposit	<u>15,352</u>	<u>30,710</u>
	<u>\$ 366,767</u>	<u>\$ 328,886</u>

1. All financial institutions that the Group deals with are of strong credit background. The Group also diversifies credit risk by dealing with multiple financial institutions at the same time and therefore is unlikely to suffer from the default of a financial institution.
2. Cash and cash equivalents that have been placed as collateral for forward exchange contracts and short-term loans are presented as financial assets at amortized cost. Please see Notes 6(3) and 8 for details.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 10,208	\$ 10,208
Valuation adjustment	<u>1,181</u>	<u>( 2,997)</u>
	<u>\$ 11,389</u>	<u>\$ 7,211</u>
Non-current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
Not listed on TWSE/TPEX or the Emerging Stock Market board		
Emerging Stock Market board	\$ 30,000	\$ 30,000
Valuation adjustment	<u>4,637</u>	<u>( 3,044)</u>
	<u>\$ 34,637</u>	<u>\$ 26,956</u>

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

	<u>2023</u>	<u>2022</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	\$ 11,859	(\$ 12,698)
Debt instrument	<u>-</u>	<u>249</u>
Derivatives	<u>-</u>	<u>(19)</u>
	<u>\$ 11,859</u>	<u>(\$ 12,468)</u>

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

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

(3)Financial assets carried at cost after amortization

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current portion:		
Restricted time deposit	<u>\$ 31,626</u>	<u>\$ -</u>

1. Without considering the collateral or other credit enhancements held, financial assets measured at amortized cost that best represent the Group held on December 31, 2023 and 2022, the highest credit risk exposure amount was \$31,626 and \$0, respectively.

2. Please refer to Note 8 for the financial assets measured at amortized cost that are provided as collateral.

3. Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Group's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(4)Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 3</u>	<u>\$ -</u>
Accounts receivable	\$ 206,286	\$ 279,721
Less: loss provisions	<u>(14,911)</u>	<u>(15,442)</u>
	<u>\$ 191,375</u>	<u>\$ 264,279</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Current	\$ 141,612	\$ 3	\$ 174,573
Overdue within 30 days	39,255	-	87,762
Overdue 31 - 60 days	12,344	-	5,071
Overdue more than 121 days	13,823	-	13,361
	<u>\$ 207,034</u>	<u>\$ 3</u>	<u>\$ 280,767</u>

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

- Balances of accounts and notes receivable (including related parties) as at December 31, 2023 and 2022, had arisen entirely from contractual arrangements with customers. Balances of contractual proceeds receivable from customers (including related parties) and loss provisions as at January 1, 2022 were \$222,344 and \$16,828, respectively.
- In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Group's notes receivable as at December 31, 2023 and 2022, amounted to \$3 and \$0, respectively; maximum credit risk exposure associated with the Group's accounts receivable (including related parties) as at December 31, 2023 and 2022, amounted to \$192,123 and \$265,325, respectively.
- The Group held no collateral on accounts and notes receivable (including related parties).
- For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).

(5) Inventory

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 142,640	(\$ 8,442)	\$ 134,198
Work-in-progress	13,180	( 35)	13,145
Semi-finished goods	73,902	( 7,399)	66,503
Finished goods	<u>53,377</u>	<u>( 21,534)</u>	<u>31,843</u>
	<u>\$ 283,099</u>	<u>(\$ 37,410)</u>	<u>\$ 245,689</u>

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

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

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 926,987	\$ 1,062,082
Service and warranty cost	11,194	15,062
Other operating costs (Note)	( 5,355)	17,847
Obsolescence and devaluation loss	4,104	20,626
Inventory loss (profit)	( 356)	1,107
Impairment loss	<u>142</u>	<u>11,235</u>
	<u>\$ 936,716</u>	<u>\$ 1,127,959</u>

Note: Raw materials previously placed at an OEM plant were lost during return shipment and the loss was recognized as other operating costs in September 2022. In May 2023, the Group received \$5,355 in compensations and presented the amount as a contra item to other operating costs.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current portion:		
Equity instrument		
TWSE/TPEX listed shares	\$ 71,769	\$ -
Not listed on TWSE/TPEX or the Emerging Stock Market board	<u>39,334</u>	<u>69,334</u>
	111,103	69,334
Valuation adjustment	<u>(42,347)</u>	<u>(41,798)</u>
	<u>\$ 68,756</u>	<u>\$ 27,536</u>

1. The Group chooses to classify the equity instrument investment, which is a strategic investment, as financial assets measured at fair value through other comprehensive gain or loss. The fair value of the investments on December 31, 2023 and 2022 was \$68,756 and \$27,536, respectively.
2. Details of gains or losses on financial assets at fair value through other comprehensive income:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value changes recognized through other comprehensive income	<u>(\$ 5,394)</u>	<u>(\$ 4,845)</u>
Cumulative losses reclassified into retained earnings	<u>(\$ 4,845)</u>	<u>\$ -</u>

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

(7) Equity-accounted investments

<u>Name of associated company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>	<u>Shareholdin g %</u>	<u>Amount presented</u>
Winmate (Note 1)	13.08%	\$ 629,526	13.99%	\$ 606,637



ProtectLife (Note 2)	11.27%	<u>34,685</u>	-	<u>-</u>
		<u>\$ 664,211</u>		<u>\$ 606,637</u>

Note 1: Although the Group held less than 20% of voting shares in Winmate, it did undertake directorship in Winmate and therefore accounted for the entity using the equity method for exercising significant influence.

Note 2: The Group previously held a 6.3% equity interest in ProtectLife, and after subscribing to cash issue on February 9, 2023, shareholding percentage increased to 11.54%. Although shareholding percentage is below 20%, the shares held by the Company and another related party - Fu Li Investment Co., Ltd. (in which the Company shares a common chairperson) aggregate to 20%, and considering that the Company's chairperson serves as a director of ProtectLife, the Company is deemed to exercise significant influence. For this reason, the investment has been accounted for using the equity method since February 9, 2023. In addition, the Group participated in its cash capital increase on July 21, 2023, and the shareholding was 11.27% after the capital increase.

1. Summary financial information of significant associated companies:

Balance sheet

	<u>Winmate</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,294,504	\$ 2,417,479
Non-current assets	1,586,066	1,347,730
Current liabilities	( 795,394)	( 1,210,738)
Non-current liabilities	( 19,152)	( 15,176)
Total net assets	<u>\$ 3,066,024</u>	<u>\$ 2,539,295</u>
As a percentage of net assets across associated companies	\$ 401,036	\$ 355,247
Goodwill	<u>228,358</u>	<u>251,390</u>
Book value of associated company	<u>\$ 629,394</u>	<u>\$ 606,637</u>

Statement of comprehensive income

	<u>Winmate</u>	
	<u>2023</u>	<u>2022</u>
Income	<u>\$ 2,598,533</u>	<u>\$ 2,659,296</u>
Current net income	\$ 505,952	\$ 452,429

Other comprehensive income (net, after-tax)	<u>27,340</u>	<u>81,155</u>
Total comprehensive income for the current period	<u>\$ 533,292</u>	<u>\$ 533,584</u>
Dividends received from associated companies	<u>\$ 48,800</u>	<u>\$ 45,136</u>

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

Book value of the Group's non-material associated companies as at December 31, 2023 totaled \$34,685.

	<u>2023</u>	<u>2022</u>
Current net loss	<u>(\$ 47,750)</u>	<u>\$ -</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Winmate	<u>\$ 1,254,890</u>	<u>\$ 850,252</u>

(8) Property, plant and equipment

	<u>2023</u>								
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>	
January 1									
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 11,463	\$ 20,697	\$ 84,201	\$ 1,727	\$ 413,746	
Accumulated depreciation	<u>-</u>	<u>( 2,440)</u>	<u>( 15,392)</u>	<u>( 9,262)</u>	<u>( 19,473)</u>	<u>( 71,024)</u>	<u>-</u>	<u>( 117,591)</u>	
	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 2,201</u>	<u>\$ 1,224</u>	<u>\$ 13,177</u>	<u>\$ 1,727</u>	<u>\$ 296,155</u>	
January 1	\$ 229,660	\$ 46,358	\$ 1,808	\$ 2,201	\$ 1,224	\$ 13,177	\$ 1,727	\$ 296,155	
Addition	37,523	13,462	192	340	1,363	3,167	12,502	68,549	
Transfer	-	9,435	-	-	-	4,451	( 13,886)	-	
Depreciation	-	( 3,248)	( 1,311)	( 827)	( 1,698)	( 8,247)	-	( 15,331)	
Net exchange difference	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>( 4)</u>	<u>-</u>	<u>7</u>	
December 31	<u>\$ 267,183</u>	<u>\$ 66,007</u>	<u>\$ 689</u>	<u>\$ 1,725</u>	<u>\$ 889</u>	<u>\$ 12,544</u>	<u>\$ 343</u>	<u>\$ 349,380</u>	
December 31									
Cost	\$ 267,183	\$ 71,695	\$ 16,774	\$ 11,779	\$ 22,060	\$ 91,764	\$ 343	\$ 481,598	

Accumulated  
depreciation

<u>          -</u>	<u>(      5,688)</u>	<u>(     16,085)</u>	<u>(     10,054)</u>	<u>(     21,171)</u>	<u>(     79,220)</u>	<u>          -</u>	<u>(     132,218)</u>
<u>\$  267,183</u>	<u>\$   66,007</u>	<u>      689</u>	<u>      1,725</u>	<u>      889</u>	<u>   12,544</u>	<u>      343</u>	<u>  349,380</u>

2022

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
January 1								
Cost	\$ -	\$ -	\$ 17,980	\$ 9,547	\$ 20,697	\$ 78,525	\$ -	\$ 126,749
Accumulated depreciation	-	-	( 14,281)	( 7,946)	( 15,012)	( 65,189)	-	( 102,428)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 1,601</u>	<u>\$ 5,685</u>	<u>\$ 13,336</u>	<u>\$ -</u>	<u>\$ 24,321</u>
January 1	\$ -	\$ -	\$ 3,699	\$ 1,601	\$ 5,685	\$ 13,336	\$ -	24,321
Addition	-	-	-	1,231	-	2,663	6,332	10,226
Transfer	-	-	-	135	-	4,470	( 4,605)	-
Reclassification	229,660	46,358	-	-	-	-	-	276,018
Depreciation	-	-	( 1,891)	( 852)	( 4,461)	( 7,312)	-	( 14,516)
Net exchange difference	-	-	-	86	-	20	-	106
December 31	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 2,201</u>	<u>\$ 1,224</u>	<u>\$ 13,177</u>	<u>\$ 1,727</u>	<u>\$ 296,155</u>
December 31								
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 11,463	\$ 20,697	\$ 84,201	\$ 1,727	\$ 413,746
Accumulated	-	( 2,440)	( 15,392)	( 9,262)	( 19,473)	( 71,024)	-	( 117,591)

depreciation

\$ 229,660   \$ 46,358   \$ 1,808   \$ 2,201   \$ 1,224   \$ 13,177   \$ 1,727   \$ 296,155

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

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

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

(9)Leases - as a lessee

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 30,975	\$ 33,782
Transport equipment	2,112	967
Office equipment	1,244	1,672
	<u>\$ 34,331</u>	<u>\$ 36,421</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 5,027	\$ 7,405
Transport equipment	833	760
Office equipment	428	428
	<u>428</u>	<u>428</u>

\$ 6,288      \$ 8,593

4. Amounts of right-of-use assets added in 2023 and 2022 were \$4,431 and \$3,911, respectively.

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

<u>Current income/expense accounts affected</u>	<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	\$ 733	\$ 807
Expenses on short-term lease agreements	11,556	12,295
Lease expense of low-value leases	106	59
Income from sub-leasing of right-of-use assets	1,053	-
Gain on lease amendment	( 5)	( 91)

6. Amounts of cash outflow incurred on leases totaled \$18,458 in 2023 and \$21,683 in 2022.

(10) Leases - as a lessor

1. The Group leases out its land and buildings. The current lease tenure is from September 2021 to August 2024. However, part of the lease was prematurely terminated on December 31, 2022. Lease contracts were individually negotiated and drafted with different terms and conditions. To ensure that lease assets are used for the purpose described, lessees are generally prohibited from sub-leasing, lending, or transferring all or part of the leased asset, or in any other way allowing others to make use of the leased asset. Lessees are also prohibited from transferring leases to others.
2. The Group recognized rental income of \$1,053 and \$6,906 for the years ended 2023 and 2022, respectively, based on operating lease agreements, of which no variable lease payments were made.
3. See Note 7 for details on the lease of assets to related parties.



(11) Investment property

	<u>Land</u>	<u>2022</u> <u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	<u>-</u>	<u>( 813)</u>	<u>( 813)</u>
	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>
January 1	\$ 229,660	\$ 47,985	\$ 277,645
Reclassification	( 229,660)	( 46,358)	( 276,018)
Depreciation	<u>-</u>	<u>( 1,627)</u>	<u>( 1,627)</u>
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2022</u>
Rent income from investment property	<u>\$ 6,906</u>
Direct expenses incurred in relation to current rent income generated from investment property	<u>\$ 1,627</u>

(12) Short-term loans

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	<u>\$ 27,000</u>	0.50%	Time deposit

1. None as at December 31, 2022.

2. Interest expense recognized in profit or loss was \$142 and \$364 for 2023 and 2022, respectively.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 36,402	\$ 33,420
Employee and director remuneration payable	26,580	26,752
Equipment purchase payable	967	-
Other payables	<u>15,755</u>	<u>14,098</u>
	<u>\$ 79,704</u>	<u>\$ 74,270</u>

(14) Long-term loans

<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.85%	Land and buildings	\$ 144,975
Less: current portion of long-term loan				<u>( 10,476)</u>
				<u>\$ 134,499</u>
<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and	1.73%	Land and buildings	\$ 155,286

interest repayable on a monthly basis	
Less: current portion of long-term loan	( <u>10,376</u> )
	<u>\$ 144,910</u>

(15) Pension

1. The Company and domestic subsidiaries have implemented defined contribution policies in accordance with the "Labor Pension Act" that apply to all employees of local nationality. For employees who are subject to the pension scheme introduced under the "Labor Pension Act," the Company and domestic subsidiaries contribute an amount equal to 6% of employees' monthly salary to their individual accounts held with the Bureau of Labor Insurance on a monthly basis. Upon retirement, employees are paid the balance of their pension account plus cumulative gains either in monthly installments or in one lump sum.
2. OHU currently implements a company-funded personal pension program. Every employee who voluntarily participates in the program may have pension contributions shared between OHU and the employee. OHU makes contributions at 3% of gross salary, up to the amount in employee's self contribution.
3. OCI is required under the retirement insurance system of The People's Republic of China to pay monthly retirement premiums at a certain percentage of gross salary for local employees. Employees' pension funds are collectively managed by the local government. OCI has no further obligations other than making monthly contributions.
4. ONI makes pension contributions according to local regulations.
5. Total pension costs recognized under the above policies amounted to \$6,616 in 2023 and \$6,550 in 2022.

(16) Liability reserves

	<u>2023</u>	<u>2022</u>
	<u>Warranty</u>	<u>Warranty</u>
January 1	\$ 9,694	\$ 8,271
Increase of liability reserves in the current period	7,613	7,690
Liability reserves used and reversed in the current period	( <u>7,358</u> )	( <u>6,267</u> )
December 31	<u>\$ 9,949</u>	<u>\$ 9,694</u>

Analysis of liability reserves:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 7,585</u>	<u>\$ 7,367</u>
Non-current	<u>\$ 2,364</u>	<u>\$ 2,327</u>

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

(17) Share-based payment

1. The Group had the following share-based payment arrangements in 2023 and 2022:

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

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

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

	<u>2023</u>		<u>2022</u>	
	<u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>	<u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>
Opening balance (January 1) of outstanding warrants	872	\$ 114.70	1,000	\$ 121.50
Adjustment of warrants	52	-	-	-
Warrants exercised in the current period	( 255)	111.00	-	-
Warrants voided in the current period	( 44)	-	( 128)	-
Closing balance (December 31) of outstanding warrants	<u>625</u>	110.50	<u>872</u>	114.70
Closing balance (December 31) of exercisable warrants	<u>405</u>		<u>436</u>	

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

<u>December 31, 2023</u>				
<u>Shares (thousand Exercise price</u>				
<u>Type of agreement</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>shares)</u>	<u>(NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	625	\$ 110.50

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

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

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

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

	<u>2023</u>	<u>2022</u>
Employee warrants	\$ 3,590	\$ 8,786
Cash issue retain for subscription by employees	-	8,174
	<u>\$ 3,590</u>	<u>\$ 16,960</u>

(18) Share capital

1. The Company had \$500,000 of authorized capital (including 6,000 thousand shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$335,163 of paid-up capital issued in 33,516 thousand shares at a face value of NT\$10 per share as at December 31, 2023. Proceeds from issued shares have been fully collected.

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

	<u>2023</u>	<u>2022</u>
January 1	33,261	30,261
Exercise of employee warrants	255	-
Cash issue	-	3,000
December 31	<u>33,516</u>	<u>33,261</u>

2. The board of directors passed a resolution on August 7, 2019 to issue employee warrants and later resolved on December 23, 2019 to amend the issuance policy. A total of 1,000 units of the warrant were issued, and each warrant is vested with the right to subscribe 1,000 shares. 1,000 thousand new common shares will have to be issued when the warrants are exercised. The subscription price per share will be determined according to policy. The warrants mentioned above were issued on August 6, 2020; please see Note 6(17) for details.
3. The board of directors passed a resolution to issue 3,000 thousand common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the competent securities authority. The aforementioned capital increase was issued at a price of NT\$88 per share and the change of registration was completed on April 14, 2022.

(19) Capital reserves

Pursuant to The Company Act, the amount in premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount in capital reserves capitalized into share capital is capped at 10% of paid-up capital per year. The Company may not utilize capital reserves to offset losses when there is still a positive balance in the earning reserves.

	<u>2023</u>			
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 654,359	\$ 24,885	\$ 228	\$ 679,472
Exercise of employee warrants	34,765	( 9,024)	-	25,741
Employee warrants	<u>-</u>	<u>3,590</u>	<u>-</u>	<u>3,590</u>
December 31	<u>\$ 689,124</u>	<u>\$ 19,451</u>	<u>\$ 228</u>	<u>\$ 708,803</u>

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

#### (20) Retained earnings

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

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

2. The legal reserve may not be used for purposes other than reimbursing previous losses or distributing proportionally back to existing shareholders in the form of cash or new shares. Only the amount in reserve that exceeds paid-up capital by 25% may be distributed in cash or new shares.
3. When distributing earnings, the Company is bound by laws to make provision for special reserves equal to the debit balance of other equity items as at the current balance sheet



date before proceeding. If the debit balance of other equity items is reversed on a later date, the amount reversed can be added to available earnings for distribution.

4. Appropriation of 2022 and 2021 earnings were resolved in shareholder meetings dated May 26, 2023 and May 31, 2022, respectively. Details are as follows:

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

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

As explained above, the appropriation of 2022 and 2021 earnings were indifferent from the proposals raised by the board of directors.

5. Appropriation of 2023 earnings has been proposed and passed by the board of directors during the meeting held on February 27, 2024; details are as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision for legal reserves	\$ 25,042	
Reversal for special reserve	( 3,757)	
Cash dividends	167,582	\$ 5.0
Stock dividends	50,274	1.5

As of February 27, 2024, it has not been resolved by the shareholders' meeting.

(21)Operating revenues

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 1,492,860</u>	<u>\$ 1,600,265</u>

## 1. Breakdown of revenue from contracts with customers

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

	<u>Medical computers</u>			<u>Services and warranty</u>			<u>Total</u>
	<u>2023</u>	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Taiwan</u>	<u>USA</u>	
Revenue from contracts with external customers	<u>\$922,777</u>	<u>\$510,029</u>	<u>\$ 38,287</u>	<u>\$ 16,763</u>	<u>\$ 4,999</u>	<u>\$ 5</u>	<u>\$1,492,860</u>
Timing of revenue recognition							
Revenues recognized at a specific time	\$922,777	\$510,029	\$ 38,287	\$ -	\$ -	\$ -	\$1,471,093
Revenues recognized progressively over time	-	-	-	16,763	4,999	5	21,767
	<u>\$922,777</u>	<u>\$510,029</u>	<u>\$ 38,287</u>	<u>\$ 16,763</u>	<u>\$ 4,999</u>	<u>\$ 5</u>	<u>\$1,492,860</u>

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

## 2. Contractual liabilities

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

December 31, 2023   December 31, 2022   January 1, 2022

Contractual liabilities - current:				
Service and sales contract	\$	55,234	\$ 55,834	\$ 64,568
Warranty contract		<u>6,613</u>	<u>8,899</u>	<u>11,187</u>
		<u>61,847</u>	<u>64,733</u>	<u>75,755</u>
Contractual liabilities - non-current:				
Service and sales contract		44,848	54,939	26,024
Warranty contract		<u>8,453</u>	<u>12,921</u>	<u>16,114</u>
		<u>53,301</u>	<u>67,860</u>	<u>42,138</u>
	\$	<u>115,148</u>	\$ 132,593	\$ 117,893

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

		<u>2023</u>		<u>2022</u>
Amount in opening contractual liabilities recognized as current income				
Service and sales contract	\$	46,908	\$	55,940
Warranty contract		<u>8,899</u>		<u>11,187</u>
	\$	<u>55,807</u>	\$	<u>67,127</u>

(3) Long-term contracts not yet fulfilled

The Group had long-term contracts with customers that were unfulfilled (or not fully fulfilled) as at December 31, 2023 and 2022, which had allocated prices of \$115,148 and \$132,593, respectively. The management expects to recognize \$61,847 and \$64,733 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2023 and 2022, in the following year. In contrast, the remaining contract prices are expected to be recognized as income over 2 to 6 years. The above amounts do not include constraining estimates of variable consideration.

(22) Other income

		<u>2023</u>		<u>2022</u>
Rental income	\$	1,053	\$	6,906
Dividend income		408		3,709
Gain on elimination of overdue contract liabilities		-		3,986

Other income	<u>10,908</u>	<u>11,653</u>
	<u>\$ 12,369</u>	<u>\$ 26,254</u>

(23) Other gains and losses

	<u>2023</u>		<u>2022</u>
Gain (loss) on financial assets at fair value through profit or loss	11,859	(\$	12,468)
Government grant income	9,620		4,487
Gain (loss) on exchange	( 7,418)		19,295
Gain on lease amendment	5		91
Depreciation of investment property	-	(	1,627)
Gain on disposal of property, plant, and equipment	-		250
Other losses	( 1,730)		-
	<u>\$ 12,336</u>	<u>\$</u>	<u>10,028</u>

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

	<u>2023</u>		<u>2022</u>
Employee benefit expenses	\$ 264,587	\$	276,481
Depreciation on property, plant, and equipment	15,331		14,516
Depreciation on right-of-use assets	6,288		8,593
Amortization	2,476		2,095
	<u>\$ 288,682</u>	<u>\$</u>	<u>301,685</u>

(25) Employee benefit expenses

	<u>2023</u>		<u>2022</u>
Salary expenses	\$ 241,538	\$	251,348
Labor/health insurance premium	12,735		15,941
Pension expense	6,616		6,550
Other personnel expenses	3,698		2,642
	<u>\$ 264,587</u>	<u>\$</u>	<u>276,481</u>

1. According to the Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 5% and director remuneration of no higher than 3%.
2. The Company had estimated employee remuneration at \$22,500 and \$18,000, and

director remuneration at \$2,400 and \$2,400, for 2023 and 2022, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2023 were estimated based on the current year's profits and the percentages outlined in the Articles of Incorporation. The board of directors has resolved to pay \$22,500 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2022 employee remuneration and director remuneration at \$18,000 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2022 financial report and were to be paid in cash. Payment had been completed as at February 27, 2024.

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

(26)Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax on current profit	\$ 44,663	\$ 47,088
Additional tax on unappropriated earnings	-	505
Underestimation of income tax expenses in previous years	<u>57</u>	<u>866</u>
Total current income tax	44,720	48,459
Deferred income tax:		
Occurrence and reversal of temporary difference	<u>5,110</u>	<u>(9,563)</u>
Income tax expense	<u>\$ 49,830</u>	<u>\$ 38,896</u>

(2) Income tax on other comprehensive income:

	<u>2023</u>	<u>2022</u>
Translation differences from foreign operations	<u>\$ 84</u>	<u>\$ 2,264</u>

## 2. Relationship between income tax expense and accounting profit

	<u>2023</u>		<u>2022</u>
Income tax derived by applying the statutory tax rate to pre-tax income (Note)	\$ 66,577	\$	48,393
Income tax to be adjusted in accordance with the tax law	( 16,804)	(	10,868)
Underestimation of income tax expenses in previous years	57		866
Additional tax on unappropriated earnings	<u>-</u>	<u></u>	<u>505</u>
Income tax expense	<u>\$ 49,830</u>	<u>\$</u>	<u>38,896</u>

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

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

	<u>2023</u>			
	<u>January 1</u>	<u>Recognized through profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,939	\$ 51	\$ -	\$ 1,990
loss on foreign investments	3,127	( 3,127)	-	-
Allowance for inventory devaluation	11,978	( 4,380)	-	7,598
Unrealized gross profit	4,150	( 5)	-	4,145
Unrealized loss on exchange	259	1,172	-	1,431
Bad debt	1,042	55	-	1,097
Translation differences from foreign operations	634	-	( 84)	550
Others	<u>1,886</u>	<u>1,547</u>	<u>-</u>	<u>3,433</u>
	25,015	( 4,687)	( 84)	20,244

- Deferred income tax liabilities:

Gain on foreign investments	<u>- ( 423)</u>	<u>- ( 423)</u>
	<u>\$ 25,015 (\$ 5,110)</u>	<u>(\$ 84) \$ 19,821</u>



	<u>2022</u>			
	<u>Recognized in</u>			
	<u>Recognized</u>	<u>other</u>		
	<u>through profit</u>	<u>comprehensive</u>		
	<u>January 1</u>	<u>and loss</u>	<u>income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,654	\$ 285	\$ -	\$ 1,939
loss on foreign investments	-	3,127	-	3,127
Allowance for inventory				
devaluation	8,647	3,331	-	11,978
Unrealized gross profit	2,803	1,347	-	4,150
Unrealized loss on exchange	306	( 47)	-	259
Bad debt	1,003	39	-	1,042
Translation differences from				
foreign operations	2,898	-	( 2,264)	634
Others	1,683	203	-	1,886
	18,994	8,285	( 2,264)	25,015
- Deferred income tax liabilities:				
Gain on foreign investments	( 1,278)	1,278	-	-
	<u>\$ 17,716</u>	<u>\$ 9,563</u>	<u>(\$ 2,264)</u>	<u>\$ 25,015</u>

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

(27)EPS

	<u>2023</u>		
	Amount	Weighted average	EPS
	after tax	outstanding shares	(NTD)
		(thousand shares)	
<u>Basic earnings per share</u>			
Current net income attributable to common shareholders of parent company	<u>\$ 255,262</u>	<u>33,351</u>	<u>\$ 7.65</u>
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 255,262	33,351	
Dilutive effect of potential common shares			
Employee warrants	-	154	
Employee remuneration	-	144	
Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 255,262</u>	<u>33,649</u>	<u>\$ 7.59</u>

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

Current net income attributable to common shareholders of parent company plus the effect of potential common shares	<u>\$ 202,963</u>	<u>32,722</u>	<u>\$ 6.20</u>
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Employee warrants issued by the Company had an anti-dilutive effect in 2022, and were therefore excluded from the calculation of earnings per share.

(28) Supplementary cash flow information

1. Investing activities involving partial cash outlay:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant, and equipment	\$ 68,549	\$ 10,226
Plus: equipment proceeds payable at the beginning of the period	-	1,726
Less: Equipment proceeds payable at the end of the period	<u>( 967)</u>	<u>-</u>
Cash paid during the current period	<u>\$ 67,582</u>	<u>\$ 11,952</u>

2. Investment activities without cash flow effects:

	<u>2023</u>	<u>2022</u>
Reclassification of investment property to property, plant and equipment	<u>\$ -</u>	<u>\$ 276,018</u>

(29) Change of liabilities relating to financing activities

	<u>2023</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ -	\$ 155,286	\$ 36,633	\$ 191,919
Net increase in short-term loans	27,000	-	-	27,000
Repayment of long-term loan	-	( 10,311)	-	( 10,311)

Repayment of lease principal	-	-	( 6,063)	( 6,063)
Effects of exchange rate change	-	-	80	80
Other changes without cash effect	-	-	4,116	4,116
December 31	<u>\$ 27,000</u>	<u>\$ 144,975</u>	<u>\$ 34,766</u>	<u>\$ 206,741</u>

	<u>2022</u>			
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
January 1	\$ 105,000	\$ 165,787	\$ 44,764	\$ 315,551
Decrease in short-term loan	( 105,000)	-	-	( 105,000)
Repayment of long-term loan	-	( 10,501)	-	( 10,501)
Repayment of lease principal	-	-	( 8,522)	( 8,522)
Effects of exchange rate change	-	-	445	445
Other changes without cash effect	-	-	( 54)	( 54)
December 31	<u>\$ -</u>	<u>\$ 155,286</u>	<u>\$ 36,633</u>	<u>\$ 191,919</u>

7. Related party transactions

(30) Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 48.50% of its shares controlled by AAEON Technology Inc. AAEON Technology Inc. is the parent company, whereas ASUSTeK Computer Inc. is the ultimate controller of the Company.

(31) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
ASUSTeK Computer Inc.	The Company's ultimate parent company
AAEON Technology Inc.	The Company's parent company
AAEON Technology (Su Zhou) Inc.	Affiliated subsidiary - with common ultimate parent
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Affiliated subsidiary - with common ultimate parent
AAEON ELECTRONICS,INC.	Affiliated subsidiary - with common ultimate parent
Jetway Information Co., Ltd.	Affiliated subsidiary - with common ultimate parent
Winmate Inc.	Associated company - investee accounted by the Company using the equity method
ProtectLife International Biomedical Inc.	Associated company - investee accounted by the Company using the equity method

<u>Name of related party</u>	<u>Relationship with the Group</u>
IBASE Technology Inc.	Other related party - investee accounted by the Company's parent using the equity method
IBASE (Shanghai) Technology Inc.	Other related party - subsidiary of an investee accounted by the Company's parent using the equity method
WT Microelectronics Co., Ltd.	Other related party - investee accounted by the Company's affiliated subsidiary using the equity method
NuVision Technology, Inc.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Morrihan International Corp.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Maxtek Technology Co., Ltd.	Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method
Fu Li Investment Co., Ltd.	Other related party - the Company's Chairman concurrently serves as chairman in the entity
Everfocus Electronics Corporation	Other related party - the Company's Chairman concurrently serves as chairman in the entity
EverFocus Electronics Corp. (USA)	Other related party - the Company's Chairman concurrently serves as chairman in the entity's parent
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in the entity
MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity
AAEON Foundation	Other related party - the Company's Chairman concurrently serves as chairman in the foundation
Kinpo Electronics Inc.	Other related party - iHELPER's chairman serves as director for the entity
Spark Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
LYDS Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
Chuang, Yung-Shun	Executive management - the Company's

<u>Name of related party</u>	<u>Relationship with the Group</u>
	Chairman

(32) Major transactions with related parties

1. Operating revenues

	<u>2023</u>	<u>2022</u>
Sales of goods:		
Parent company	\$ 240	\$ 7,838
Affiliated subsidiary of the same group	1,737	8,227
Associated company	141	27
Other related parties	<u>4,323</u>	<u>5,412</u>
	<u>\$ 6,441</u>	<u>\$ 21,504</u>

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

2. Purchases

	<u>2023</u>	<u>2022</u>
Purchase of merchandise:		
Ultimate parent company	\$ -	\$ 7
Parent company, AAEON Technology Inc.	93,603	193,771
Affiliated subsidiary of the same group	205	193
Associated company	8,658	8,442
Other related parties	<u>16,580</u>	<u>18,386</u>
	<u>\$ 119,046</u>	<u>\$ 220,799</u>

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

3. Operating costs and expenses

	<u>2023</u>		<u>2022</u>
Parent company	\$ 4,527	\$	5,275
Affiliated subsidiary of the same group	5,216		4,764
Associated company	391		191
Other related parties	<u>4,147</u>		<u>8,625</u>
	<u>\$ 14,281</u>	<u>\$</u>	<u>18,855</u>

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

#### 4. Other operating costs

	<u>2023</u>		<u>2022</u>
Parent company	(\$ <u>5,355</u> )	\$	<u>-</u>

Other operating costs mentioned above mainly comprise compensation payments received from the parent company. Please see Note 6(5) for details.

#### 5. Other income

	<u>2023</u>		<u>2022</u>
Other related parties			
EverFocus Electronics Corp.(USA)	<u>\$ -</u>	\$	<u>6,259</u>

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

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

	<u>2023</u>		<u>2022</u>
Parent company, AAEON Technology Inc.	\$ 477	\$	6,906
Other related parties			
LYDS Technologies Inc.	<u>576</u>		<u>-</u>
	<u>\$ 1,053</u>	<u>\$</u>	<u>6,906</u>

Rent between the Group and related parties is negotiated after taking into consideration the



market rate of nearby areas. Rent payments are collected on a monthly basis.

7. Related party receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Parent company	\$ 9	\$ 182
Affiliated subsidiary of the same group	108	726
Associated company	-	-
Other related parties	<u>631</u>	<u>138</u>
	<u>\$ 748</u>	<u>\$ 1,046</u>

## 8. Related party payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Parent company, AAEON		
Technology Inc.	\$ 312	\$ 20,887
Associated company	-	5
Other related parties	<u>1,083</u>	<u>2,117</u>
	<u>\$ 1,395</u>	<u>\$ 23,009</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Parent company	\$ 224	\$ 59
Associated company	-	4
Other related parties	<u>-</u>	<u>1,218</u>
	<u>\$ 224</u>	<u>\$ 1,281</u>

## 9. Leases - as a lessee

The Group leased office premises from one of its affiliated subsidiaries; the initial lease tenor was from January 2021 to December 2022 and was terminated early in June 2022. Amounts paid in relation to the above totaled \$1,766 for the period 2022.

## 10. Property transaction

Acquisition of property, plant, and equipment

	<u>2023</u>	<u>2022</u>
Parent company	<u>\$ 2,639</u>	<u>\$ -</u>

Disposal of property, plant, and equipment

	<u>2023</u>		<u>2022</u>	
	<u>Disposal</u>	<u>Gain (loss) on</u>	<u>Disposal</u>	<u>Gain (loss) on</u>
	<u>proceeds</u>	<u>disposal</u>	<u>proceeds</u>	<u>disposal</u>
Parent company				
AAEON	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ 250</u>

Technology Inc.

11. Guarantee deposits received

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

Represents rental deposit.

(33)Compensation for key management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 32,036	\$ 49,366
Retirement benefits	437	679
Share-based payment	<u>1,482</u>	<u>5,944</u>
	<u>\$ 33,955</u>	<u>\$ 55,989</u>

8. Pledged assets

The Group had placed the following assets as collaterals:

<u>Assets</u>	<u>Book value</u>		<u>Purpose of security</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Time deposits (statement of financial assets at amortized cost - current)	<u>\$ 31,626</u>	<u>\$ -</u>	Guarantee of short-term borrowings and forward exchange contract
Time deposit (presented as other current assets)	<u>\$ -</u>	<u>\$ 921</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non assets)	<u>\$ 2,167</u>	<u>\$ 3,567</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (listed under property, plant and equipment)	<u>\$ 229,660</u>	<u>\$ 229,660</u>	Long-term loans
Buildings (listed under property, plant and equipment)	<u>\$ 44,731</u>	<u>\$ 46,358</u>	Long-term loans

9. Major contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Losses from major disasters

None.

11. Major post-balance sheet date events

Appropriation of 2023 earnings has been proposed and passed by the board of directors during the meeting held on February 27, 2024; please see Note 6(20) for details.

12. Others

(1) Capital management

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

(2) Financial instruments

1. Types of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatory to be carried at fair value through profit or loss	\$ 46,026	\$ 34,167
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 68,756	\$ 27,536
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 366,767	\$ 328,886
Financial assets carried at cost after amortization	31,626	-
Notes receivable	3	-
Accounts receivable	191,375	264,279
Accounts receivable - related parties	748	1,046
Other receivables	2,145	4,120
Other financial assets (presented as other current assets)	-	921
Guarantee deposits paid (presented as other non-current assets)	2,167	3,567
	<u>\$ 594,831</u>	<u>\$ 602,819</u>
<u>Financial liabilities</u>		
Financial liabilities carried at cost after amortization		
Short-term loans	\$ 27,000	\$ -
Accounts payable	67,160	83,348
Accounts payable - related parties	1,395	23,009
Other payables (including related parties)	79,704	74,270

Long-term loans (including those due within one year)	144,975	155,286
Guarantee deposits received	-	1,148
	<u>\$ 320,234</u>	<u>\$ 337,061</u>
Lease liabilities	<u>\$ 34,766</u>	<u>\$ 36,633</u>

## 2. Risk management policy

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

## 3. Characteristics and level of significant financial risks

### (1) Market risk

#### Exchange rate risk

- A. The Group is a multinational organization, and transactions undertaken by the Company and subsidiaries in currencies other than the functional currency would give rise to exchange rate risks. USD accounts for the highest exposure of exchange rate risk. Exchange rate risks arise from future commercial transactions and recognized amounts of assets and liabilities.
- B. The management has implemented policies to guide Group affiliates in managing exchange rate risks associated with their functional currencies. All entities are required to hedge exchange rate risks through the Group's Treasury Department. Exchange rate risks are measured by the value of USD transactions that are highly likely to occur. Instruments such as forward exchange are used to mitigate the effect of exchange rate volatility on expected sales revenues.
- C. Some of the Group's business activities involve non-functional currencies (the Company and some of its subsidiaries use NTD as the functional currency, while some overseas subsidiaries use USD as the functional currency) and are therefore susceptible to exchange rate fluctuations. Information on foreign currency-denominated assets and liabilities susceptible to significant exchange rate fluctuation is presented below:

	<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>		<u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,981	30.71	\$ 306,460
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,112	30.71	34,158

	<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
(Foreign currency: functional currency)	<u>(thousand dollars)</u>		<u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,473	30.71	\$ 256,275
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,392	30.71	42,748

- D. Total (loss) gain on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation in 2023 and 2022 amounted to (\$7,418) and \$19,295, respectively.
- E. The following is an analysis of risk exposures to various foreign currencies and impacts of significant exchange rate fluctuations:

	<u>2023</u>		
	<u>Sensitivity analysis</u>		
	<u>Variation</u>	<u>Effect on profit</u>	<u>Effect on other</u>
(Foreign currency: functional currency)		<u>and loss</u>	<u>comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,065	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			

USD:NTD	1%	342	-
<u>2022</u>			
<u>Sensitivity analysis</u>			
	<u>Variation</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,563	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 427	-

#### Price risk

- A. Equity instruments held by the Group exposed to price risks have been presented as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. For better management of price risks on equity instruments, the Group has implemented concentration limits and diversified its investment portfolio accordingly.
- B. The Group mainly invests in equity instruments issued by local companies. Prices of these equity instruments are affected by the uncertainty associated with the future value of the underlying investment. A 1% rise/fall in the price of equity instruments would increase/decrease gain or loss on equity instruments at fair value through profit or loss, and hence net income, by \$460 and \$342 in 2023 and 2022, respectively, assuming that all other factors remain unchanged. For equity investments that are carried at fair value through other comprehensive income, the above changes would increase/decrease gain or loss on investment by \$688 and \$275, respectively.

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

- A. The Group's exposure to interest rate risk arises mainly from short-term and long-term loans borrowed at floating interest rates, which gives rise to the risk of cash flow change due to interest rates. This risk is partially offset by cash and cash equivalents held at a floating interest rate. The Group's floating rate borrowings in 2023 and 2022 were denominated in NTD.
- B. If interest rates on NTD borrowings had increased or decreased by 1%, with all other factors remaining constant, net income would have decreased or increased



by \$1,376 and \$1,242 in 2023 and 2022, respectively. This is mainly due to the change in interest expense as a result of variable-rate borrowings.

(2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle and pay accounts receivable according to the prescribed terms.
- B. The Group has developed credit risk management practices from a group perspective. According to the Group's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by considering customers' financial position, previous conduct, and other relevant factors. The board of directors sets individual counterparty risk limits based on internal or external assessments. Uses of credit limit are monitored on a regular basis.
- C. The Group adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 120 days.
- D. The Group has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying any significant increase in the credit risk of a financial instrument held on hand after initial recognition:
- A financial asset is considered to have exhibited a significant increase in credit risk after initial recognition when contractual payment (according to the terms of the underlying contract) becomes past due for more than 30 days.
- E. The Group distinguishes notes and accounts receivable (including related parties) by customers' characteristics, and adopts a simplified approach along with the use of provision matrix and loss given default to estimate expected credit loss.
- F. Financial assets that are rationally deemed unrecoverable after exhausting collection efforts are charged off. In which case, however, the Group will continue taking legal actions to secure debt entitlement. The Group had no charged-off debt with ongoing collection activities as at December 31, 2023 and 2022.
- G. (1) Customers of good credit background and insured accounts receivable are subject to loss given a default of 0.2%. As at December 31, 2023 and 2022, the Company had outstanding accounts receivable of \$169,182 and \$219,755 and had made bad debt provisions of \$337 and \$439, respectively.
- (2) The Group takes into account multiple considerations, including the Monitoring Indicator published by National Development Council, future prospects, historical and current information etc. to determine loss given

default, which is used for estimating loss provisions on notes and accounts receivable from customers under normal credit conditions. Provision matrix as at December 31, 2023 and 2022, is as follows:

		<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	
		<u>within 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>more than</u>	
	<u>Current</u>	<u>days</u>	<u>days</u>	<u>days</u>	<u>days</u>	<u>121 days</u>	<u>Total</u>
<u>December 31, 2023</u>							
Expected loss given							
default	0.00~1.58%	8.42%	15.63%	45.15%	50.00%	100%	
Total book value	<u>\$ 17,806</u>	<u>\$ 6,221</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,823</u>	<u>\$ 37,855</u>
Loss provision	<u>\$ 280</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,823</u>	<u>\$ 14,574</u>
		<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	
		<u>within 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>more than</u>	
	<u>Current</u>	<u>days</u>	<u>days</u>	<u>days</u>	<u>days</u>	<u>121 days</u>	<u>Total</u>
<u>December 31, 2022</u>							
Expected loss given							
default	0.00~1.30%	7.71%	14.48%	44.38%	50.00%	100%	
Total book value	<u>\$ 31,975</u>	<u>\$ 12,799</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,177</u>	<u>\$ 61,012</u>
Loss provision	<u>\$ 403</u>	<u>\$ 980</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,177</u>	<u>\$ 15,003</u>

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

	<u>2023</u>	<u>2022</u>
January 1	\$ 15,442	\$ 16,828
Reversal of impairment loss (	323)	( 1,349)
Amount unrecoverable and charged off	-	( 332)
Exchange rate impact	<u>( 208)</u>	<u>295</u>
December 31	<u>\$ 14,911</u>	<u>\$ 15,442</u>

Of loss reversals in 2023 and 2022, the reversal of impairment losses on receivables arising from customer contracts was \$323 and \$1,349, respectively.

### (3) Liquidity risk

A. Cash flow projections are made by individual operating entities within the Group, and consolidated by the Group Treasury Department. The Group Treasury Department is

responsible for monitoring and predicting liquidity and capital requirements within the Group and ensuring that adequate capital has been sourced to support operational requirements.

- B. As at December 31, 2023 and 2022, the Group had undrawn credit limits of \$232,000 and \$194,000, respectively.
- C. Non-derivative financial liabilities are presented in the chart below. The Group analyzes them based on their remaining timespan from the balance sheet date until contract maturity. The amount of contractual cash flow shown in the table below are not discounted.

December 31, 2023

Non-derivative financial

<u>liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Short-term loans (including estimated interest)	\$ 27,074	\$ -	\$ -	\$ -
Accounts payable	67,160	-	-	-
Accounts payable - related parties	1,395	-	-	-
Other payables (including related parties)	79,704	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	13,076	13,076	39,229	97,010
Lease liabilities	3,493	3,225	7,471	26,086

December 31, 2022

Non-derivative financial

<u>liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Accounts payable	\$ 83,348	\$ -	\$ -	\$ -
Accounts payable - related parties	23,009	-	-	-
Other payables (including related parties)	74,270	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,973	12,973	38,920	109,193
Lease liabilities	6,385	2,720	6,872	26,324

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

(3) Fair value information

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

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

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

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

2. Financial instruments not measured at fair value

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

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

(1) Group assets by nature:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 11,389	\$ -	\$ 34,637	\$ 46,026
Financial assets at fair value through other comprehensive income				
Equity securities	<u>68,756</u>	<u>-</u>	<u>-</u>	<u>68,756</u>
	<u>\$ 80,145</u>	<u>\$ -</u>	<u>\$ 34,637</u>	<u>\$ 114,782</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,211	\$ -	\$ 26,956	\$ 34,167
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>27,536</u>	<u>27,536</u>
	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ 54,492</u>	<u>\$ 61,703</u>

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

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

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

B. Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments were obtained either by applying valuation techniques or by referring to counterparties' quotations.

C. For the valuation of non-standardized financial instruments of low complexity, the Group adopts valuation techniques that are commonly used among market participants. Valuation models for this type of financial instrument often use observable market information as the parameter.

- D. Derivatives are valued using valuation models that are commonly accepted among market users, such as the discounted cash flow approach. Forward exchange contracts are usually valued using the prevailing forward exchange rate.
- E. Results generated from the valuation model are approximations of the estimate. The valuation technique may not reflect all relevant factors associated with the holding of financial and non-financial instruments. For this reason, estimates generated from the valuation model are adjusted using additional parameters, such as modeling risks or liquidity risks. Judging by the Group's fair value assessment modeling policies and control procedures, the management is confident that they ensure a fair presentation for the fair values of financial and non-financial instruments shown on the balance sheet. All valuation adjustments made were appropriate and necessary. All price information and parameters used in the valuation process have been thoroughly assessed and adjusted appropriately according to the prevailing market conditions.

4. There had been no transfer between level 1 and level 2 input in 2023 or 2022.

5. Changes of level 3 input in 2023 and 2022 are explained below:

	<u>2023</u>		<u>2022</u>
	<u>Equity instrument</u>		<u>Equity instrument</u>
January 1	\$ 54,492		\$ 68,787
Recognized through profit and loss (Note 1)	7,681	(	9,450)
Recognized in other comprehensive income (Note 2)	( 2,381)	(	4,845)
Outward transfer of level 3 input	<u>( 25,155)</u>		<u>-</u>
December 31	<u>\$ 34,637</u>		<u>\$ 54,492</u>

Note 1: Presented as other gains and losses.

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

6. The outward transfer of level 3 input that occurred in 2023 was due to the reclassification of ProtectLife shares, which used to be measured using level 3 input. Please see Note 6(7) for detailed description. There was no inward or outward transfer of level 3 input 2022.
7. The Treasury Department is responsible for validating the fair value of assets that require the use of level 3 fair value input. The department relies on independent sources of information to ensure that the valuation results closely resemble the market condition; it verifies that information is obtained from independent, reliable, and consistent sources; and makes necessary fair value adjustments to ensure that valuation results are reasonable.

Furthermore, the Treasury Department has financial instrument fair value evaluation policies and procedures in place and adopts practices to ensure compliance with International Financial Reporting Standards.

8. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	<u>Fair value as of</u>	<u>Valuation</u>	<u>Significant</u> <u>and</u> <u>unobservable</u> <u>input</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>and fair value</u>
	<u>December 31,</u>	<u>technique</u>			
	<u>2023</u>				
Equity instrument:					
Shares of joint venture companies	\$ 34,637	Net asset value approach	Not applicable	Not applicable	Not applicable
			<u>Significant</u> <u>and</u> <u>unobservable</u> <u>input</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>and fair value</u>
	<u>December 31,</u>	<u>Valuation</u>			
	<u>2022</u>	<u>technique</u>			
Equity instrument:					
Non-listed shares	\$ 27,536	Discounted cash flow method	Note 1	Not applicable	Note 2
Shares of joint venture companies	26,956	Net asset value approach	Not applicable	Not applicable	Not applicable

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

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



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

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

13. Other disclosures

(1) Information related to significant transactions

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

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

(2) Information on business investments

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

Attachment 5.

(3) Information relating to investments in the Mainland

1. Profile: Please see Attachment 6.

2. Significant transactions with Mainland investees, whether directly invested or indirectly invested through a third location: None.

(4) Information on major shareholders

Information on major shareholders: Please see Attachment 7.

14. Segment information

(5) General information

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

(6) Assessment of segment information

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

(7) Segment profit/loss

	<u>2023</u>			<u>Eliminated</u>	
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>upon</u>	<u>Consolidated</u>
				<u>consolidation</u>	
Income from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 939,540	\$515,028	\$ 38,292	\$ -	\$1,492,860
	\$ -	\$ -	\$ -	\$ -	
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>308,863</u>	<u>833</u>	<u>26,838</u>	<u>(336,534)</u>	<u>-</u>
	<u>\$1,248,403</u>	<u>\$515,861</u>	<u>\$ 65,130</u>	<u>(\$336,534)</u>	<u>\$1,492,860</u>
Segment profit/loss	<u>\$ 211,011</u>	<u>\$ 7,491</u>	<u>(\$ 380)</u>	<u>\$ -</u>	<u>\$ 218,122</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 20,949</u>	<u>\$ 411</u>	<u>\$ 2,735</u>	<u>\$ -</u>	<u>\$ 24,095</u>
	<u>2022</u>			<u>Eliminated</u>	
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>upon</u>	<u>Consolidated</u>
				<u>consolidation</u>	
Income from customers other than the ultimate parent, parent, and consolidated subsidiaries	\$ 901,481	\$658,722	\$ 40,062	\$ -	\$1,600,265
Income from the ultimate parent, parent, and consolidated subsidiaries	<u>430,130</u>	<u>6,256</u>	<u>25,026</u>	<u>(461,412)</u>	<u>-</u>
	<u>\$1,331,611</u>	<u>\$664,978</u>	<u>\$ 65,088</u>	<u>(\$461,412)</u>	<u>\$1,600,265</u>
Segment profit/loss	<u>\$ 179,180</u>	<u>(\$ 31,045)</u>	<u>(\$ 2,743)</u>	<u>\$ -</u>	<u>\$ 145,392</u>
Segment profit/loss includes:					

Depreciation and amortization	<u>\$ 22,280</u>	<u>\$ 2,136</u>	<u>\$ 2,415</u>	<u>\$ -</u>	<u>\$ 26,831</u>
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Note: Information on segment assets and liabilities was not provided to key decision makers of the Group, and therefore were not disclosed.

(8) Reconciliation of segment profit/loss

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

	<u>2023</u>		<u>2022</u>
Net income from reporting segments	\$ 218,502	\$	148,135
Net loss from other reporting segments	( 380)	(	2,743)
Total across segments	\$ 218,122	\$	145,392
Gain (loss) on financial assets at fair value through profit or loss	11,859	(	12,468)
Other gains and losses	78,703		112,667
Financial costs	( 3,684)	(	3,557)
Pre-tax profit from continuing operations	<u>\$ 305,000</u>	<u>\$</u>	<u>242,034</u>

(9) Product and service category

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

(10) Regional disclosure

The following are the Group's regional disclosures for 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 939,540	\$ 383,727	\$ 901,481	\$ 333,783
USA	515,028	1,103	658,722	1,308
Others	38,292	2,398	40,062	3,078
	<u>\$ 1,492,860</u>	<u>\$ 387,228</u>	<u>\$ 1,600,265</u>	<u>\$ 338,169</u>

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

(11) Information on key customers

Customers with sales values representing more than 10% of consolidated operating revenues in 2023 and 2022:

	<u>2023</u>		<u>2022</u>
Customer A	\$ 211,827	\$	172,922
Customer B	153,338		94,393

ONYX Healthcare Inc. and Subsidiaries  
End-of-period marketable securities holding position (excluding investment in subsidiaries, associated companies and joint ventures)  
December 31, 2023

Attachment 1

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Company name</u>	<u>Type of security</u>	<u>Name of security</u> (Note 1)	<u>Relationship with the securities issuer</u> (Note 2)	<u>Account category</u>	<u>Shares</u>	<u>End-of-period</u>		<u>Fair value</u>	<u>Remarks</u> (Note 4)
						<u>Book value</u> (Note 3)	<u>Shareholdings</u> percentage		
ONYX Healthcare Inc.	Shares	MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity	Financial assets at fair value through profit or loss - current	18,716	\$ 4,089	0.03%	\$ 4,089	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	223,918	7,300	0.16%	7,300	None
ONYX Healthcare Inc.	Shares	Taiwan Star Venture Capital Investment Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,000,000	34,637	13.04%	34,637	None
ONYX Healthcare Inc.	Shares	MELTEN CONNECTED HEALTHCARE INC.	None	Financial assets at fair value through other comprehensive income - non-current	4,193,548	-	6.61%	-	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through other comprehensive income - non-current	2,109,082	68,756	1.53%	68,756	None

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

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

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

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

ONYX Healthcare Inc. and Subsidiaries  
Cumulative purchase or sale of the same marketable securities amounting to NT\$300 million or more than 20% of the paid-up capital  
January 1 to December 31, 2023

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

Company name	Type of security	Name of security		Counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buy (Note 3)			Sell (Note 3)			End-of-period			
		(Note 1)	Account category			Shares	Amount	Shares	Amount	(Note 5)	Shares	Selling price	Book cost	Disposal gain or loss	(Note 5)	Shares	Amount
ONYX Healthcare Inc.	Shares		Financial assets at fair value through other comprehensive income - non-current			-	\$ -	2,109,082	\$ 71,769	1	-	\$ -	\$ -	\$ -	-	2,109,082	\$ 68,756
		Top Union Electronics Corp.							( 3,013)	2							

Note 1: Securities mentioned in the financial statements shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above.

Note 2: If the securities are accounted for under the equity method, these two columns are required to be fill in, and the remainder can be left blank.

Note 3: The cumulative amount of purchases and sales should be calculated separately based on the market price to determine whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

Note 5: 1. The purchase or capital increase/sale or capital decrease/liquidation in the current period; 2. The valuation adjustment in the current period.



ONYX Healthcare Inc. and Subsidiaries  
 Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital  
 January 1 to December 31, 2023

Attachment 3

Unit: NT\$ thousand  
 (unless specified otherwise)

	<u>Transaction summary</u>	<u>Distinctive terms of trade and reasons (Note 1)</u>	<u>Notes and accounts receivable (payable)</u>	<u>Remarks (Note 2)</u>							
					<u>As a percentage of total notes and accounts receivable (payable)</u>						
<u>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale)</u>	<u>Amount</u>	<u>As a percentage to total purchases (sales)</u>	<u>Loan tenor</u>	<u>Unit price</u>	<u>Loan tenor</u>	<u>Balance</u>	<u>As a percentage of total notes and accounts receivable (payable)</u>	<u>Remarks (Note 2)</u>
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sale)	(\$ 279,658)	(22.40%)	90 days after month-end	\$ -	-	\$ 44,742	25.71%	None

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

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

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

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

ONYX Healthcare Inc. and Subsidiaries  
Major business dealings between the parent company and subsidiaries and transactions between subsidiaries  
January 1 to December 31, 2023

Attachment 4

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Serial No.</u> (Note 1)	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the transacting party</u> (Note 2)	<u>Account</u>	<u>Transaction summary</u>		<u>As a percentage of consolidated revenues or total assets</u> (Note 3)
					<u>Amount</u>	<u>Transaction terms</u>	
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 279,658	90 days after month-end	18.73%

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

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

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

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

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

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

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

ONYX Healthcare Inc. and Subsidiaries  
Names, locations and information on investees (excluding Mainland investees)  
January 1 to December 31, 2023

Attachment 5

Unit: NT\$ thousand  
(unless specified otherwise)

Name of investor	Name of investee (Notes 1 and 2)	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee (Note 2(2))	Investment gains/losses recognized in the current period (Note 2(3))	Remarks
				End of current period	End of previous year	Shares	Percentage (%)	Book value			
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 61,410	\$ 61,420	200,000	100	\$ 95,024	\$ 18,402	\$ 18,402	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support, maintenance, and sales of medical computers and peripherals	3,398	3,272	100,000	100	16,373	1,779	1,779	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,626	( 1,570)	( 79)	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	568,585	568,585	10,244,000	13	629,526	505,952	67,722	None
ONYX Healthcare Inc.	ProtectLife International Biomedical Inc.	Taiwan	Production and wholesaling of medical equipment, consumables, and related products	44,380	-	2,188,000	11	34,685	( 47,750)	( 4,850)	None

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

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

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

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

ONYX Healthcare Inc. and Subsidiaries  
Mainland investments - profile  
January 1 to December 31, 2023

Attachment 6

Unit: NT\$ thousand  
(unless specified otherwise)

Name of Mainland investee	Main business activities	Paid-up capital	Method of investment (Note 1)	Investment capital contributed or recovered during the current period			Closing cumulative balance of investment capital invested from Taiwan	Current period profit/loss of the investee	The Company's direct or indirect holding percentage (%)	Investment gains (losses) recognized in the current period (Note 2(2)B.)	Closing investment book value	Investment gains recovered to date	Remarks
				Opening cumulative balance of investment capital invested from Taiwan	Invested	Recovered							
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 67,551	1	\$ 67,551	\$ -	\$ -	\$ 67,551	(\$ 2,428)	100(\$ 2,428)	\$ 3,330	\$ -	None	

Company name	Closing cumulative balance of investment capital transferred from Taiwan into Mainland China	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland China
ONYX Healthcare Inc.	\$ 67,551	\$ 67,551	\$ 912,327

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

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

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

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

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

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

ONYX Healthcare Inc. and Subsidiaries

Information on major shareholders

December 31, 2023

Attachment 7

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding percentage (%)</u>
AAEON Technology Inc.	16,257,179	48.50
Chuang, Yung-Shun	2,745,068	8.19
ASUSTeK Computer Inc.	1,694,112	5.05

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

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

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

## Independent Auditor's Report

(113)-Cai-Shen-Bao-Zi No. 23003011

To stakeholders of ONYX Healthcare Inc.:

### **Audit opinion**

We have audited the accompanying standalone balance sheet of ONYX Healthcare Inc. (referred to as "ONYX Healthcare" below) as at December 31, 2023 and 2022, the standalone statement of comprehensive income, standalone statement of changes in equity, and standalone cash flow statement from January 1 to December 31, 2023 and 2022, and notes to standalone financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and audit results of other auditors (please refer to the Other Issues paragraph), all material disclosures of the standalone financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and presented a fair view of the standalone financial position of ONYX Healthcare as at December 31, 2023 and 2022, and standalone business performance and cash flow for the periods January 1 to December 31, 2023 and 2022.

### **Basis of audit opinion**

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

## **Key audit issues**

Key audit issues are matters that we considered to be the most important, based on professional judgment when auditing the 2023 standalone financial statements of ONYX Healthcare. These issues have already been addressed when we audited and formed our opinions on the standalone financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2023 standalone financial statements of ONYX Healthcare are as follows:

### **Existence of sales revenue**

#### Description

Please refer to Note 4(27) for the accounting policy on revenue recognition. For a detailed description of revenue accounts, please refer to Note 6(21) of the standalone financial statements.

ONYX Healthcare and its subsidiaries' (recognized as investment under the equity method) main business is the design, manufacturing and sales of medical computers and peripheral equipment. Because product project orders are easily affected by the customer's product project cycle, it is necessary to strive to develop new markets and undertake new project orders. Therefore, the operating revenue of each period may be subject to change in market trend. According to industry reports and peer information, the overall market trend has declined for the current period, while the operating revenue of some products is growing, and the impact on the amount is significant. Therefore, we have listed the existence of the above-mentioned sales revenue as one of the most important audit matters for the current year.

#### Audit procedures

This issue concerned ONYX Healthcare and certain subsidiaries (presented as equity-accounted investments), and the following audit procedures were taken specifically in relation to the key audit issues described above:

3. Assessment and testing of internal control processes on sales transactions to determine whether transactions were carried out according to the Company's internal control system during the reporting period and to confirm the accuracy of the Company's product classification.
4. Obtain and verify the above-mentioned revenue, transaction, and related documents on a sample basis, and confirm that the customer has acquired control of the product and assumed the product risk before recognizing the revenue.



## **Accounting estimates for inventory valuation**

### Description

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

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

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

### Audit procedures

This issue concerned ONYX Healthcare and certain subsidiaries (presented as equity-accounted investments), and the following audit procedures were taken specifically in relation to the key audit issues described above:

1. Evaluating the policy adopted by ONYX Healthcare to make provisions for inventory devaluation losses, based on our understanding of the company's operations and industry nature.
2. Examining details of individual inventory items that the management had considered to be obsolete, and verifying against supporting documents.
3. Testing the market prices based upon which net realizable values of individual inventory items were established, and making random checks to ensure that net realizable values were correctly calculated.

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

Amongst the equity-accounted business investments presented in the standalone financial statements of ONYX Healthcare, some of which had financial statements audited by other CPAs that we did not take part of. Therefore, opinions made in the standalone financial statements mentioned above in regards to such businesses were based on audited reports of other CPAs. As at December 31, 2023 and 2022, balances of the abovementioned equity-accounted investments totaled NT\$629,526, thousand and NT\$606,637 thousand, representing 31% and 32% of total assets, respectively. For the periods from January 1 to December 31, 2023 and 2022, comprehensive income recognized from the abovementioned companies totaled NT\$71,691 thousand and NT\$74,696 thousand, representing 28% and 34% of comprehensive income, respectively.

### **Responsibilities of the management and governing body to the standalone financial statements**

Responsibilities of the management were to prepare and ensure fair presentation of standalone financial statements in accordance with "Regulations Governing the

Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of standalone financial statements so that the standalone financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing financial statements also involved: assessing the ability of ONYX Healthcare to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

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

### **Responsibilities of CPAs in Inspecting Individual Financial Statements**

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

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

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of ONYX Healthcare.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of ONYX Healthcare to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of standalone financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or circumstances may still render ONYX Healthcare no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-

accounted investments held by ONYX Healthcare, and expressing opinions on standalone financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the standalone financial statements.

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

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

We have identified the key audit issues after communicating with the governance body regarding the 2023 standalone financial statements of ONYX Healthcare. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

PwC Taiwan

CPA

Chang, Shu-Chiung

Lin, Chun-Yao

Former Financial Supervisory Commission, Executive Yuan  
Approval reference: Jin-Guan-Zheng-Shen-Zi No. 0990042602  
(Formerly known as) Securities and Futures Commission,  
Ministry of Finance  
Approval reference: (85)-Tai-Cai-Zheng-(VI) No. 68702

February 27, 2024

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 271,068	13	\$ 265,189	14
1110	Financial assets at fair value through profit or loss - current	6(2)	11,389	-	7,211	-
1136	Financial assets at amortized cost - current	6(3) and 8	31,626	2	-	-
1150	Net notes receivable	6(4)	3	-	-	-
1170	Net accounts receivable	6(4)	119,987	6	141,074	7
1180	Accounts receivable - related parties, net	7	54,023	3	98,723	5
1200	Other receivables		1,716	-	3,625	-
130X	Inventory	6(5)	226,869	11	264,044	14
1410	Prepayments		13,908	1	11,717	1
1470	Other current assets	8	2,235	-	1,699	-
11XX	<b>Total current assets</b>		<u>732,824</u>	<u>36</u>	<u>793,282</u>	<u>41</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	34,637	2	26,956	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	68,756	3	27,536	2
1550	Equity-accounted investments	6(7)	786,564	39	710,670	37
1600	Property, plant and equipment	6(8), 7 and 8	347,832	17	293,776	15
1755	Right-of-use assets	6(9)	32,219	2	34,414	2
1780	Intangible assets		3,517	-	5,593	-
1840	Deferred income tax assets	6(26)	13,059	1	19,622	1
1900	Other non-current assets	8	952	-	2,367	-
15XX	<b>Total non-current assets</b>		<u>1,287,536</u>	<u>64</u>	<u>1,120,934</u>	<u>59</u>
1XXX	<b>Total assets</b>		<u>\$ 2,020,360</u>	<u>100</u>	<u>\$ 1,914,216</u>	<u>100</u>

(Continued next page)

ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loans	6(12)	\$ 27,000	1	\$ -	-
2130	Contractual liabilities - current	6(21)	57,838	3	57,996	3
2170	Accounts payable		65,176	3	81,270	4
2180	Accounts payable - related parties	7	1,091	-	5,857	-
2200	Other payables	6(13)	72,561	4	55,285	3
2220	Other payables - related parties	7	2,214	-	3,414	-
2230	Current income tax liabilities		37,883	2	46,954	3
2250	Liability reserves - current	6(16)	7,585	-	7,367	-
2280	Lease liabilities - current		1,985	-	4,154	-
2320	Long-term liabilities due within 1 year or 1 business cycle	6(14)	10,476	1	10,376	1
2399	Other current liabilities - others		3,762	-	3,084	-
21XX	<b>Total current liabilities</b>		<u>287,571</u>	<u>14</u>	<u>275,757</u>	<u>14</u>
<b>Non-current liabilities</b>						
2527	Contractual liabilities - non-current	6(21)	53,301	3	67,860	3
2540	Long-term loans	6(14)	134,499	7	144,910	8
2550	Liability reserves - non-current	6(16)	2,364	-	2,327	-
2570	Deferred income tax liabilities	6(26)	423	-	-	-
2580	Lease liabilities - non-current		30,610	1	30,371	2
2645	Guarantee deposits received	7	-	-	1,148	-
25XX	<b>Total non-current liabilities</b>		<u>221,197</u>	<u>11</u>	<u>246,616</u>	<u>13</u>
2XXX	<b>Total liabilities</b>		<u>508,768</u>	<u>25</u>	<u>522,373</u>	<u>27</u>
<b>Equity</b>						
Share capital		6(18)				
3110	Common share capital		335,163	17	332,612	17
Capital reserves		6(17)(19)				
3200	Capital reserves		708,803	35	679,472	36
Retained earnings		6(20)				
3310	Legal reserves		151,706	7	131,410	7
3320	Special reserves		33,926	2	49,896	3

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih



ONYX Healthcare Inc.  
Standalone Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

3350	Unappropriated earnings	312,163	15	232,379	12
	Other equity items				
3400	Other equity items	( 30,169)	( 1)	( 33,926)	( 2)
3XXX	<b>Total equity</b>	1,511,592	75	1,391,843	73
	Major post-balance sheet date events		11		
3X2X	<b>Total liabilities and equity</b>	\$ 2,020,360	100	\$ 1,914,216	100

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenues	6(21) and 7	\$ 1,248,403	100	\$ 1,329,319	100
5000 Operating costs	6(5)(24)(25) and 7	( 834,466)	( 67)	( 948,618)	( 71)
5900 Gross profit		413,937	33	380,701	29
5910 Unrealized gain on sales		( 20,722)	( 2)	( 20,752)	( 2)
5920 Realized gain on sales		20,752	2	14,016	1
5950 Net gross profit		413,967	33	373,965	28
Operating expenses	6(24)(25) and 7				
6100 Selling expenses		( 73,600)	( 6)	( 62,432)	( 5)
6200 Administrative expenses		( 50,725)	( 4)	( 47,908)	( 4)
6300 R&D expenses		( 79,347)	( 6)	( 86,018)	( 6)
6450 Expected credit impairment loss/reversal gain	12(2)	959	-	1,193	-
6000 Total operating expenses		( 202,713)	( 16)	( 195,165)	( 15)
6900 Operating profit		211,254	17	178,800	13
Non-operating income and expenses					
7100 Interest income		2,895	-	957	-
7010 Other income	6(22) and 7	6,518	1	19,210	2
7020 Other gains and losses	6(23) and 7	2,684	-	4,920	-
7050 Financial costs		( 3,513)	-	( 3,115)	-
7070 Share of profits/losses on equity-accounted subsidiaries, associated companies, and joint ventures	6(7)	80,546	6	41,061	3
7000 Total non-operating income and expenses		89,130	7	63,033	5
7900 Pre-tax profit		300,384	24	241,833	18
7950 Income tax expense	6(26)	( 45,122)	( 4)	( 38,870)	( 3)
8200 Current net income		\$ 255,262	20	\$ 202,963	15
Other comprehensive income					
Items not reclassified into profit or loss					
8316 Unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income	6(6)	( \$ 5,394)	-	( \$ 4,845)	( 1)
8330 Share of other comprehensive income from subsidiaries, equity-accounted associated companies, and joint ventures - not reclassified into profit or loss		3,853	-	11,164	1
8310 Items not reclassified into profit or loss - total		( 1,541)	-	6,319	-
Items likely to be reclassified into profit or loss					
8361 Financial statement translation differences arising from foreign operations		421	-	11,319	1
8380 Share of other comprehensive income from equity-accounted subsidiaries, associated companies, and joint ventures - likely to be reclassified into profit or loss		116	-	596	-
8399 Income tax on items that are likely to be reclassified into profit or loss	6(26)	( 84)	-	( 2,264)	-
8360 Items likely to be reclassified into profit or loss - total		453	-	9,651	1
8300 Other comprehensive income (net)		( \$ 1,088)	-	\$ 15,970	1
8500 Total comprehensive income for the current period		\$ 254,174	20	\$ 218,933	16
EPS	6(27)				
9750 Basic earnings per share		\$ 7.65		\$ 6.24	
9850 Diluted earnings per share		\$ 7.59		\$ 6.20	

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Common share capital	Capital reserves	Retained earnings			Other equity items		Total
				Legal reserves	Special reserves	Unappropriated earnings	Financial statement translation differences arising from foreign operations	Unrealized gains/losses on financial assets at fair value through other comprehensive income	
<u>2022</u>									
Balance as at January 1, 2022		\$ 302,612	\$ 462,673	\$ 118,655	\$ 44,993	\$ 146,858	(\$ 12,500 )	(\$ 37,396 )	\$ 1,025,895
Current net income		-	-	-	-	202,963	-	-	202,963
Other current comprehensive income		-	-	-	-	-	9,651	6,319	15,970
Total comprehensive income for the current period		-	-	-	-	202,963	9,651	6,319	218,933
Appropriation and distribution of 2021 earnings:	6(20)								
Provision for legal reserves		-	-	12,755	-	( 12,755 )	-	-	-
Provision for special reserves		-	-	-	4,903	( 4,903 )	-	-	-
Cash dividends		-	-	-	-	( 99,784 )	-	-	( 99,784 )
Cash issue	6(18)(19)	30,000	233,100	-	-	-	-	-	263,100
Cost of cash issue reserved for subscription by employees as remuneration	6(17)(19)	-	8,174	-	-	-	-	-	8,174
Distribution of cash from capital reserves	6(19)(20)	-	( 33,261 )	-	-	-	-	-	( 33,261 )
Share-based payment	6(17)(19)	-	8,786	-	-	-	-	-	8,786
Balance as at December 31, 2022		\$ 332,612	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849 )	(\$ 31,077 )	\$ 1,391,843
<u>2023</u>									
Balance as at January 1, 2023		\$ 332,612	\$ 679,472	\$ 131,410	\$ 49,896	\$ 232,379	(\$ 2,849 )	(\$ 31,077 )	\$ 1,391,843
Current net income		-	-	-	-	255,262	-	-	255,262
Other current comprehensive income		-	-	-	-	-	453	( 1,541 )	( 1,088 )
Total comprehensive income for the current period		-	-	-	-	255,262	453	( 1,541 )	254,174
Appropriation and distribution of 2022 earnings:	6(20)								
Provision for legal reserves		-	-	20,296	-	( 20,296 )	-	-	-
Reversal for special reserve		-	-	-	( 15,970 )	15,970	-	-	-
Cash dividends		-	-	-	-	( 166,307 )	-	-	( 166,307 )
Share-based payment	6(17)(19)	-	3,590	-	-	-	-	-	3,590
Exercise of employee warrants	6(18)(19)	2,551	25,741	-	-	-	-	-	28,292
Reclassification of equity instruments at fair value through other comprehensive income	6(6)	-	-	-	-	( 4,845 )	-	4,845	-
Balance as at December 31, 2023		\$ 335,163	\$ 708,803	\$ 151,706	\$ 33,926	\$ 312,163	(\$ 2,396 )	(\$ 27,773 )	\$ 1,511,592

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flow from operating activities</u>		
Pre-tax profit for the current period	\$ 300,384	\$ 241,833
Adjustments		
Income, expenses, and losses		
Depreciation	6(8)(9)(24) 18,465	18,532
Depreciation of investment properties (presented as other gains and losses)	6(11)(23) -	1,627
Amortization	6(24) 2,476	2,095
Expected credit impairment loss/reversal gain	12(2) ( 959 )	( 1,193 )
Gain (loss) on financial assets at fair value through profit or loss	6(2)(23) ( 11,859 )	( 12,468 )
Interest expenses	3,513	3,115
Interest income	( 2,895 )	( 957 )
Dividend income	6(22) ( 408 )	( 3,709 )
Share-based payment - remuneration	6(17) 3,403	16,474
Share of gain from subsidiaries and associated companies accounted using the equity method	6(7) ( 80,546 )	( 41,061 )
Gain on disposal of property, plant, and equipment	6(23) -	( 250 )
Gain on lease amendment	6(9)(23) ( 5 )	-
Gain on elimination of overdue contract liabilities	6(22) -	( 3,986 )
Unrealized gains/losses among affiliates	( 30 )	6,736
Change in assets/liabilities related to operating activities		
Net change in assets related to operating activities		
Financial assets at fair value through profit or loss	-	( 19 )
Notes receivable	( 3 )	-
Accounts receivable	22,046	( 45,923 )
Accounts receivable - related parties	44,700	15,378
Other receivables	1,909	584
Inventory	37,175	( 24,672 )
Prepayments	( 2,191 )	( 1,034 )
Other current assets	( 540 )	( 179 )
Net change in liabilities related to operating activities		
Contractual liabilities	( 14,717 )	12,226
Accounts payable	( 16,094 )	( 5,415 )
Accounts payable - related parties	( 4,766 )	( 1,366 )
Other payables	16,271	1,074
Other payables - related parties	( 1,200 )	1,058
Liability reserves	255	1,423
Other current liabilities	678	( 2,712 )
Cash inflow from operating activities	315,062	202,147
Interests received	2,895	957
Dividends received	49,208	48,845
Interests paid	( 3,479 )	( 3,086 )
Income tax paid	( 47,289 )	( 18,389 )
Net cash inflow from operating activities	316,397	230,474
<u>Cash flow from investing activities</u>		
Acquisition of financial assets at fair value through profit or loss	-	( 5,335 )
Disposal of financial assets at fair value through profit or loss	-	5,250
Acquisition of financial assets at amortized cost	( 31,626 )	-
Acquisition of financial assets at fair value through other comprehensive income	( 71,769 )	-
Acquisition of equity-accounted investments	( 14,380 )	( 15,802 )
Acquisition of property, plant, and equipment	6(28) ( 67,335 )	( 10,816 )
Disposal of property, plant, and equipment	-	250
Acquisition of intangible assets	( 400 )	( 3,099 )
Decrease (increase) in guarantee deposits paid (presented as other non-current assets)	1,415	( 375 )
Net cash outflow from investing activities	( 184,095 )	( 29,927 )
<u>Cash flow from financing activities</u>		
Net increase (decrease) in short-term loans	6(29) 27,000	( 105,000 )
Repayment of long-term loan	6(29) ( 10,311 )	( 10,501 )
Repayment of lease principal	6(29) ( 3,949 )	( 4,894 )
Decrease in guarantee deposits received	( 1,148 )	-
Cash issue	6(18) -	263,100
Cash dividends paid	6(20) ( 166,307 )	( 99,784 )
Exercise of employee warrants	28,292	-
Distribution of cash from capital reserves	6(20) -	( 33,261 )
Net cash (outflow) inflow from financing activities	( 126,423 )	9,660
Increase in cash and cash equivalents for the current period	5,879	210,207

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Standalone Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Opening cash and cash equivalents balance	6(1)	265,189	54,982
Closing cash and cash equivalents balance	6(1)	\$ 271,068	\$ 265,189

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

Chairman: Chuang, Yung-Shun

Manager: Chuang, Fu-Chun

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc.  
Notes to Standalone Financial Statements  
2023 and 2022

Unit: NT\$ thousand  
(unless specified otherwise)

15. Company history

ONYX Healthcare Inc. (the "Company") was incorporated on February 2, 2010 in the Republic of China. The Company is mainly involved in the design, manufacturing, and trading of medical computers and peripherals. AAEON Technology Inc. holds 48.50% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Company's ultimate parent.

16. Financial statement approval date and procedures

This standalone financial report was passed during the board of directors meeting dated February 27, 2024.

17. Application of new standards, amendments and interpretations

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2023:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 regarding "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

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

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 16 regarding "Lease liability in a sale and leaseback"	January 1, 2024
Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 regarding "Non-current Liabilities with Covenants "	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding "Supplier Finance Arrangements"	January 1, 2024

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

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

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

<u>New/amended/modified standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Pending final decision from IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

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

18. Summary of significant accounting policies

Below is a summary of significant accounting policies used for the preparation of standalone financial

statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(37)Statement of compliance

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

(38)Basis of preparation

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

(39)Foreign currency conversion

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

1. Foreign currency transaction and balance

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



(4) All gains and losses on the exchange are presented as "Other gains and losses" in the statement of comprehensive income.

## 2. Currency conversion for foreign operations

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

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

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

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

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

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

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

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

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

## (41) Cash equivalents

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

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

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

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

1. Refers to equity instruments not held for trading for which an irrevocable choice was made at initiation to account for subsequent fair value changes through other comprehensive income.
2. The Company adopts trade day accounting to account for financial assets at fair value through other comprehensive income that conforms with normal trade terms.
3. These assets are recognized at fair value at initiation inclusive of transaction cost, and are subsequently measured at fair value:
  - A. Changes in the fair value of equity instruments are recognized through other comprehensive income. When the asset is removed from the balance sheet, all cumulative gains/losses previously recognized through other comprehensive income cannot be reclassified to profit and loss and are transferred to retained earnings instead. Dividend income is recognized in a standalone statement of comprehensive income when the entitlement to receive dividend has been established when economic benefits relating to dividends are very likely to be realized. The amount in dividend can be measured reliably.

(44) Financial assets carried at cost after amortization

1. Refers to those who meet the following conditions at the same time:
  - (1) The financial asset is held under the business model for the purpose of collecting contractual cash flow.
  - (2) The cash flow generated on a specific date due to the contract terms of the financial asset is solely for use on paying the interest of the principal and the outstanding principal.
2. The Company's time deposits that do not meet the cash equivalents are held for a short period of time, so the impact of discounting is not significant, and they are measured at the investment amount.

(45)Accounts and notes receivable

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

(46)Impairment of financial assets

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

(47)Removal of financial assets

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

(48)Lease transaction as a lessor - operating lease

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

(49)Inventory

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

(50)Equity-accounted investments/subsidiaries and associated companies

1. A subsidiary refers to an entity (including a structured entity) in which the Company exercises control. The Company is considered to exercise control if it is exposed or entitled to variable returns generated by the entity and can influence such return.

2. Any unrealized gains/losses arising from transactions between the Company and subsidiaries have been eliminated. The subsidiaries have made the necessary adjustments to align their accounting policies with that of the Company.
3. Share of profits/losses from the associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the share of losses on a subsidiary equals or exceeds the Company's equity ownership, the Company will continue recognizing additional losses at the current shareholding percentage.
4. Associated company refers to an entity in which the Company exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Company accounts for associated companies using the equity method. Value at initial acquisition is accounted for at cost.
5. Share of profits/losses from an associated company after the acquisition is recognized in current profit and loss; share of other comprehensive income after the acquisition is recognized in other comprehensive income. If the Company's share of losses in an associated company equals to or exceeds its equity interest in the associated company (including any other unsecured receivables), the Company will not recognize the extra losses unless the Company has a legal obligation or constructive obligation to pay, or has paid, liabilities on behalf of the associated company.
6. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income, and shareholding percentage, the Company will recognize the change of ownership proportionally in "Capital reserve."
7. Unrealized gains arising from transactions between the Company and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Company.

8. If the Company disposes of an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Company had directly disposed of the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Company loses significant influence in the associated company. If the Company still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.
9. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the amount in current profit/loss and other comprehensive income attributable to parent company shareholders should be consistent between standalone and consolidated financial reports; the amount in equity attributable to parent company shareholders should also be consistent between standalone and consolidated financial reports.

(51)Property, plant and equipment

1. All property, plant and equipment are recorded at cost.
2. Subsequent costs incurred are added to book value or recognized as separate assets only when future economic benefits associated with the costs are likely to be realized by the Company. Such costs can be reliably measured. Book values of replaced components are removed from the balance sheet. All other maintenance expenses are recognized in current profit and loss when incurred.
3. Property, plant and equipment are subsequently measured at cost (except for land, which is not depreciated) and are depreciated on a straight-line basis over their estimated useful lives. Significant compositions of property, plant, and equipment are depreciated separately.
4. The Company reviews the residual value, useful life, and depreciation method of all assets at the end of each financial year. If the residual value or useful life differs from the previous estimate, or if there is any material change to how an asset's future economic benefit is realized, the difference would be treated as a change in accounting estimate according to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" from the day the change occurs. The useful lives of various asset categories are explained in Note 6(8).

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

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

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

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

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

4. If there is any contract amendment that reduces the scope of the lease, the lessor will reduce the book value of the right-of-use asset accordingly to reflect partial or total termination of the lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

(53)Intangible assets

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

(54)Impairment of non-financial assets

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

(55)Loans

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

(56)Accounts payable

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

(57)Removal of financial liabilities

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

(58)Liability reserves

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

(59)Employee benefits

1. Short-term employee benefits  
Short-term employee benefits are measured as non-discounted amounts expected to be paid in the future and are recognized as expenses when relevant service is rendered.
2. Pension - Defined contribution plan  
For a defined contribution plan, the contributions payable to the pension fund are recognized as pension costs in the year that occurred on an accrual basis. Prepaid contributions that are refundable in cash or can be offset against future payments are recognized as assets.

### 3. Employees' and directors' remuneration

Employees' and directors' remuneration are recognized as expense and liability when the entity becomes legally obligated or is deemed obligated to pay, and the amount can be reasonably estimated. Any differences between the amount estimated and the amount resolved/paid are treated as a change of accounting estimate.

#### (60) Share-based payment

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

#### (61) Income tax

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



Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as at the balance sheet date.

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

#### (62)Dividend distribution

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

#### (63)Revenue recognition

##### 1. Sales of goods

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

##### 2. Warranty income

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

(64)Government subsidies

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

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

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

(65)Significant judgments adopted for accounting policies

None.

(66)Significant accounting estimates and assumptions

Valuation of inventory

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

Book value of the Company's inventory as at December 31, 2023 totaled \$226,869.

20. Notes to major accounts

(67)Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash	\$ 418	\$ 312
Check and current deposit	255,298	234,167
Time deposit	<u>15,352</u>	<u>30,710</u>
	<u>\$ 271,068</u>	<u>\$ 265,189</u>

1. All financial institutions that the Company deals with are of strong credit background. The Company also diversifies credit risk by dealing with multiple financial institutions at the same time and therefore is unlikely to suffer from the default of a financial institution.
2. Cash and cash equivalents that have been placed as collateral for forward exchange contracts and short-term loans are presented as financial assets at amortized cost. Please see Notes 6(3) and 8 for details.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
TWSE/TPEX listed shares	\$ 10,208	\$ 10,208
Valuation adjustment	<u>1,181</u>	<u>(2,997)</u>
	<u>\$ 11,389</u>	<u>\$ 7,211</u>
Non-current portion:		
Financial assets mandatory to be carried at fair value through profit or loss		
Not listed on TWSE/TPEX or the Emerging Stock Market board	\$ 30,000	\$ 30,000
Valuation adjustment	<u>4,637</u>	<u>(3,044)</u>
	<u>\$ 34,637</u>	<u>\$ 26,956</u>

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

	<u>2023</u>	<u>2022</u>
Financial assets mandatory to be carried at fair value through profit or loss		
Equity instrument	\$ 11,859	(\$ 12,698)
Debt instrument	-	249
Derivatives	<u>-</u>	<u>(19)</u>
	<u>\$ 11,859</u>	<u>(\$ 12,468)</u>

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

(69) Financial assets carried at cost after amortization

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current portion		
Restricted time deposit	<u>\$ 31,626</u>	<u>\$ -</u>

1. Without considering the collateral or other credit enhancements held, financial assets measured at amortized cost that best represent the Company held on December 31, 2023 and 2022, the highest credit risk exposure amount was \$31,626 and \$0, respectively.
2. Please refer to Note 8 for the financial assets measured at amortized cost that are provided as collateral.
3. Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Company's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(70) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 3</u>	<u>\$ -</u>
Accounts receivable	\$ 121,837	\$ 143,883
Less: loss provisions	<u>( 1,850)</u>	<u>( 2,809)</u>
	<u>\$ 119,987</u>	<u>\$ 141,074</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	
Current	\$ 149,752	\$ 3	\$ 198,034	
Overdue within 30 days	12,419	-	37,530	
Overdue 31 - 60 days	12,199	-	5,061	
Overdue more than 121 days	<u>1,490</u>	<u>-</u>	<u>1,981</u>	
	<u>\$ 175,860</u>	<u>\$ 3</u>	<u>\$ 242,606</u>	

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

2. Balances of accounts and notes receivable (including related parties) as at December 31, 2023 and 2022, had arisen entirely from contractual arrangements with customers. Balances of contractual proceeds receivable from customers (including related parties) and loss provisions as at January 1, 2022 were \$212,393 and \$4,334, respectively.
3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Company's notes receivable as at December 31, 2023 and 2022, amounted to \$3 and \$0, respectively; maximum credit risk exposure associated with the Company's accounts receivable (including related parties) as at December 31, 2023 and 2022, amounted to \$174,013 and \$239,797, respectively.
4. The Company held no collateral on accounts and notes receivable (including related parties).
5. For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).

(71) Inventory

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 142,640	(\$ 8,442)	\$ 134,198
Work-in-progress	13,180	( 35)	13,145
Semi-finished goods	73,902	( 7,399)	66,503
Finished goods	<u>14,074</u>	<u>( 1,051)</u>	<u>13,023</u>
	<u>\$ 243,796</u>	<u>(\$ 16,927)</u>	<u>\$ 226,869</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and devaluation loss</u>	<u>Book value</u>
Raw materials	\$ 164,564	(\$ 24,527)	\$ 140,037
Work-in-progress	61,993	( 6,468)	55,525
Semi-finished goods	64,331	( 7,206)	57,125
Finished goods	<u>12,943</u>	<u>( 1,586)</u>	<u>11,357</u>
	<u>\$ 303,831</u>	<u>(\$ 39,787)</u>	<u>\$ 264,044</u>

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

	<u>2023</u>		<u>2022</u>
Cost of inventory sold	\$ 835,415	\$	886,116
Service and warranty cost	11,194		15,062
Obsolescence and devaluation losses (reversal gains) (Note 1)	( 6,432)		28,486
Other operating costs (Note 2)	( 5,355)		17,847
Inventory loss (profit)	<u>( 356)</u>		<u>1,107</u>
	<u>\$ 834,466</u>	\$	<u>948,618</u>

Note 1: Reversal gains for the period in 2023 had arisen due to the Company having taken the initiative to dispose of slow-moving inventory.

Note 2: Raw materials previously placed at an OEM plant were lost during return shipment and the loss was recognized as other operating costs in September 2022. In May 2023, the Company received \$5,355 in compensations and presented the amount as a contra item to other operating costs.

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Non-current portion:			
Equity instrument			
TWSE/TPEX listed shares	\$ 71,769	\$	-
Not listed on TWSE/TPEX or the Emerging Stock Market board	<u>39,334</u>		<u>69,334</u>
	111,103		69,334
Valuation adjustment	<u>( 42,347)</u>	(	<u>41,798)</u>
	<u>\$ 68,756</u>	\$	<u>27,536</u>

1. The Company chooses to classify the equity instrument investment, which is a strategic investment, as financial assets measured at fair value through other comprehensive gain or loss. The fair value of the investments on December 31, 2023 and 2022 was \$68,756 and \$27,536, respectively.

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

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value changes recognized through other comprehensive income	(\$ <u>5,394</u> )	(\$ <u>4,845</u> )
Cumulative losses reclassified into retained earnings	(\$ <u>4,845</u> )	\$ <u>-</u>

3. None of the Company's financial assets at fair value through other comprehensive income was placed as collateral.

4. For information relating to the credit risk of financial assets carried at fair value through other comprehensive income, please refer to Note 12(2).

(73) Equity-accounted investments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
ONXY HEALTHCARE USA, INC. (OHU)	\$ 95,024	\$ 77,251
ONYX HEALTHCARE EUROPE B.V.(ONI)	16,373	13,255
Onyx Healthcare (Shanghai) Inc. (OCI)	3,330	5,822
iHELPER Inc. (iHELPER)	7,626	7,705
Associated companies:		
Winmate Inc. (Winmate)	629,526	606,637
ProtectLife International Biomedical Inc. (ProtectLife)	<u>34,685</u>	<u>-</u>
	<u>\$ 786,564</u>	<u>\$ 710,670</u>

1. Subsidiaries

(1) For information relating to the Company's subsidiaries, please refer to Note 4(3) of the 2023 consolidated financial statements.

(2) Share of profits/losses on equity-accounted subsidiaries and associated companies amounted to \$80,546 in 2023 and \$41,061 in 2022.

## 2. Associated companies

### (1) Profile of associated companies:

<u>Name of associated company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Shareholding %</u>	<u>Amount presented</u>	<u>Shareholding %</u>	<u>Amount presented</u>
Winmate (Note 1)	13.08%	\$ 629,526	13.99%	\$ 606,637
ProtectLife (Note 2)	11.27%	<u>34,685</u>	-	<u>-</u>
		<u>\$ 664,211</u>		<u>\$ 606,637</u>

Note 1: Although the Company held less than 20% of voting shares in Winmate, it did undertake directorship in Winmate and therefore accounted for the entity using the equity method for exercising significant influence.

Note 2: The Company previously held a 6.3% equity interest in ProtectLife, and after subscribing to cash issue on February 9, 2023, shareholding percentage increased to 11.54%. Although shareholding percentage is below 20%, the shares held by the Company and another related party - Fu Li Investment Co., Ltd. (in which the Company shares a common chairperson) aggregate to 20%, and considering that the Company's chairperson serves as a director of ProtectLife, the Company is deemed to exercise significant influence. For this reason, the investment has been accounted for using the equity method since February 9, 2023. In addition, the Company participated in its cash capital increase on July 21, 2023, and the shareholding was 11.27% after the capital increase.

### (2) Summary financial information of significant associated companies:

#### Balance sheet

	<u>Winmate</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,294,504	\$ 2,417,479
Non-current assets	1,586,066	1,347,730
Current liabilities	( 795,394)	( 1,210,738)
Non-current liabilities	<u>( 19,152)</u>	<u>( 15,176)</u>
Total net assets	<u>\$ 3,066,024</u>	<u>\$ 2,539,295</u>
As a percentage of net assets across associated companies	\$ 401,036	\$ 355,247
Goodwill	<u>228,358</u>	<u>251,390</u>
Book value of associated company	<u>\$ 629,526</u>	<u>\$ 606,637</u>





Statement of comprehensive income

	<u>Winmate</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ <u>2,598,533</u>	\$ <u>2,659,296</u>
Current net income	\$ 505,952	\$ 452,429
Other comprehensive income (net, after-tax)	<u>27,340</u>	<u>81,155</u>
Total comprehensive income for the current period	\$ <u>533,292</u>	\$ <u>533,584</u>
Dividends received from associated companies	\$ <u>48,800</u>	\$ <u>45,136</u>

- (3) The following is a summary of book values and business performance of the Company's non-material associated companies:

Book value of the Company's non-material associated companies as at December 31, 2023 totaled \$34,685.

	<u>2023</u>	<u>2022</u>
Current net loss	(\$ <u>47,750</u> )	\$ <u>-</u>

- (4) Fair value of material associated companies that are openly quoted:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Winmate	\$ <u>1,254,890</u>	\$ <u>850,252</u>

(74)Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
January 1								
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 3,427	\$ 19,555	\$ 80,660	\$ 1,727	\$ 401,027
Accumulated depreciation	<u>-</u>	<u>( 2,440)</u>	<u>( 15,392)</u>	<u>( 2,711)</u>	<u>( 18,331)</u>	<u>( 68,377)</u>	<u>-</u>	<u>( 107,251)</u>
	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 716</u>	<u>\$ 1,224</u>	<u>\$ 12,283</u>	<u>\$ 1,727</u>	<u>\$ 293,776</u>
January 1	\$ 229,660	\$ 46,358	\$ 1,808	\$ 716	\$ 1,224	\$ 12,283	\$ 1,727	\$ 293,776
Addition	37,523	13,462	192	93	1,363	3,167	12,502	68,302
Transfer	-	9,435	-	-	-	4,451	( 13,886)	-
Depreciation	<u>-</u>	<u>( 3,248)</u>	<u>( 1,311)</u>	<u>( 323)</u>	<u>( 1,698)</u>	<u>( 7,666)</u>	<u>-</u>	<u>( 14,246)</u>
December 31	<u>\$ 267,183</u>	<u>\$ 66,007</u>	<u>\$ 689</u>	<u>\$ 486</u>	<u>\$ 889</u>	<u>\$ 12,235</u>	<u>\$ 343</u>	<u>\$ 347,832</u>
December 31								
Cost	\$ 267,183	\$ 71,695	\$ 16,774	\$ 3,423	\$ 20,918	\$ 88,278	\$ 343	\$ 468,614
Accumulated depreciation	<u>-</u>	<u>( 5,688)</u>	<u>( 16,085)</u>	<u>( 2,937)</u>	<u>( 20,029)</u>	<u>( 76,043)</u>	<u>-</u>	<u>( 120,782)</u>

\$ 267,183   \$ 66,007   \$ 689   \$ 486   \$ 889   \$ 12,235   \$ 343   \$ 347,832

2022

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment pending inspection</u>	<u>Total</u>
January 1								
Cost	\$ -	\$ -	\$ 17,980	\$ 3,207	\$ 19,555	\$ 75,027	\$ -	\$ 115,769
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>( 14,281)</u>	<u>( 2,365)</u>	<u>( 13,870)</u>	<u>( 63,148)</u>	<u>-</u>	<u>( 93,664)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 842</u>	<u>\$ 5,685</u>	<u>\$ 11,879</u>	<u>\$ -</u>	<u>\$ 22,105</u>
January 1	\$ -	\$ -	\$ 3,699	\$ 842	\$ 5,685	\$ 11,879	\$ -	\$ 22,105
Addition	-	-	-	95	-	2,663	6,332	9,090
Transfer	-	-	-	135	-	4,470	( 4,605)	-
Reclassification	229,660	46,358	-	-	-	-	-	276,018
Depreciation	<u>-</u>	<u>-</u>	<u>( 1,891)</u>	<u>( 356)</u>	<u>( 4,461)</u>	<u>( 6,729)</u>	<u>-</u>	<u>( 13,437)</u>
December 31	<u>\$ 229,660</u>	<u>\$ 46,358</u>	<u>\$ 1,808</u>	<u>\$ 716</u>	<u>\$ 1,224</u>	<u>\$ 12,283</u>	<u>\$ 1,727</u>	<u>\$ 293,776</u>
December 31								
Cost	\$ 229,660	\$ 48,798	\$ 17,200	\$ 3,427	\$ 19,555	\$ 80,660	\$ 1,727	\$ 401,027
Accumulated	<u>-</u>	<u>( 2,440)</u>	<u>( 15,392)</u>	<u>( 2,711)</u>	<u>( 18,331)</u>	<u>( 68,377)</u>	<u>-</u>	<u>( 107,251)</u>

depreciation

\$ 229,660

\$ 46,358

\$ 1,808

\$ 716

\$ 1,224

\$ 12,283

\$ 1,727

\$ 293,776

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

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

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

(75) Leases - as a lessee

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 30,975	\$ 32,742
Office equipment	1,244	1,672
	<u>\$ 32,219</u>	<u>\$ 34,414</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 3,791	\$ 4,666
Office equipment	428	429
	<u>\$ 4,219</u>	<u>\$ 5,095</u>

3. Amounts of right-of-use assets added in 2023 and 2022 were \$2,335 and \$3,035, respectively.

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

	<u>2023</u>	<u>2022</u>
<u>Current income/expense</u>		
<u>accounts affected</u>		
Interest expense on lease liabilities	\$ 632	\$ 648
Expenses on short-term lease agreements	6,821	9,305
Income from sub-leasing of right-of-use assets	1,053	-
Gain on lease amendment	( 5)	-

5. Amounts of cash outflow incurred on leases totaled \$11,402 in 2023 and \$14,847 in 2022.

(76)Leases - as a lessor

1. The Company leases out its land and buildings. The current lease tenor is from September 2021 to August 2024. However, the some of the leases were prematurely terminated on December 31, 2022. Lease contracts were individually negotiated and drafted with different terms and conditions. To ensure that lease assets are used for the purpose described, lessees are generally prohibited from sub-leasing, lending, or transferring all or part of the leased asset, or in any other way allowing others to make use of the leased asset. Lessees are also prohibited from transferring leases to others.
2. The Company recognized rental income of \$1,053 and \$6,906 for the years ended December 31, 2023 and 2022, respectively, based on operating lease agreements, of which no variable lease payments were made.
3. See Note 7 for details on the lease of assets to related parties.

(77)Investment property

	<u>Land</u>	<u>2022</u> <u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 229,660	\$ 48,798	\$ 278,458
Accumulated depreciation	-	( 813)	( 813)
	<u>\$ 229,660</u>	<u>\$ 47,985</u>	<u>\$ 277,645</u>
January 1	\$ 229,660	\$ 47,985	\$ 277,645
Reclassification	( 229,660)	( 46,358)	( 276,018)
Depreciation	-	( 1,627)	( 1,627)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

	<u>2022</u>
Rent income from investment property	\$ <u>6,906</u>
Direct expenses incurred in relation to current rent income generated from investment property	\$ <u>1,627</u>

(78) Short-term loans

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ <u>27,000</u>	0.50%	Time deposit

1. None as at December 31, 2022.
2. Interest expense recognized in profit or loss was \$142 and \$364 for 2023 and 2022, respectively.

(79) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 32,425	\$ 20,137
Employee and director remuneration payable	26,580	26,752
Equipment purchase payable	967	-
Other payables	<u>12,589</u>	<u>8,396</u>
	<u>\$ 72,561</u>	<u>\$ 55,285</u>

(80) Long-term loans

<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.85%	Land and buildings	\$ 144,975
Less: current portion of long-term loan				( 10,476)
				<u>\$ 134,499</u>

<u>Nature of loan</u>	<u>Loan tenor and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis	1.73%	Land and buildings	\$ 155,286
Less: current portion of long-term loan				( 10,376)
				<u>\$ 144,910</u>

(81) Pension

1. The Company has implemented defined contribution policies in accordance with the "Labor Pension Act" that apply to all employees of local nationality. For employees who are subject to the pension scheme introduced under the "Labor Pension Act," the Company contributes an amount equal to 6% of employee's monthly salary to their individual accounts held with the Bureau of Labor Insurance on a monthly basis. Upon retirement, employees are paid the balance of their pension account plus cumulative gains either in monthly installments or in one lump sum.
2. Total pension costs recognized under the above policies amounted to \$5,509 in 2023 and \$5,083 in 2022.

(82) Liability reserves

	<u>2023</u>	<u>2022</u>
	<u>Warranty</u>	<u>Warranty</u>
January 1	\$ 9,694	\$ 8,271
Increase of liability reserves in the current period	7,613	7,690
Liability reserves used and reversed in the current period	( 7,358)	( 6,267)
December 31	<u>\$ 9,949</u>	<u>\$ 9,694</u>

Analysis of liability reserves:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 7,585	\$ 7,367
Non-current	\$ 2,364	\$ 2,327

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

(83) Share-based payment

1. The Company had the following share-based payment arrangements in 2023 and 2022:

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

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

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

	<u>2023</u>		<u>2022</u>	
	<u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>	<u>Quantity of warrants (thousand shares)</u>	<u>Weighted average exercise price (NTD)</u>
Opening balance (January 1) of outstanding warrants	872	\$ 114.70	1,000	\$ 121.50
Adjustment of warrants	52	-	-	-
Warrants exercised in the current period	( 255)	111.00	-	-
Warrants voided in the current period	( 44)	-	( 128)	-
Closing balance (December 31) of outstanding warrants	<u>625</u>	110.50	<u>872</u>	114.70
Closing balance (December 31) of exercisable warrants	<u>405</u>		<u>436</u>	

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

			<u>December 31, 2023</u>	
<u>Type of agreement</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Shares (thousand shares)</u>	<u>Exercise price (NTD)</u>
Employee warrant program	August 6, 2020	August 6, 2025	625	\$ 110.50

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

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

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

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

	<u>2023</u>	<u>2022</u>
Employee warrants	\$ 3,403	\$ 8,300
Cash issue retain for subscription by employees	-	8,174
	<u>\$ 3,403</u>	<u>\$ 16,474</u>

(84) Share capital

- The Company had \$500,000 of authorized capital (including 6,000 thousand shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$335,163 of paid-up capital issued in 33,516 thousand shares at a face value of NT\$10 per share as at December 31, 2023. Proceeds from issued shares have been fully collected. Reconciliation between the opening and closing number of outstanding common shares (in thousand shares) in 2023 and 2022 is explained below:

	<u>2023</u>	<u>2022</u>
January 1	33,261	30,261
Exercise of employee warrants	255	-
Cash issue	-	3,000
December 31	<u>33,516</u>	<u>33,261</u>

- The board of directors passed a resolution on August 7, 2019 to issue employee warrants and later resolved on December 23, 2019 to amend the issuance policy. A total of 1,000 units of the warrant were issued, and each warrant is vested with the right to subscribe 1,000 shares. 1,000 thousand new common shares will have to be issued when the warrants are exercised. The subscription price per share will be determined according to policy. The warrants mentioned above were issued on August 6, 2020; please see Note 6(17) for details.
- The board of directors passed a resolution to issue 3,000 thousand common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the competent securities authority. The aforementioned capital increase was issued at a price of NT\$88 per share and the change of registration was completed on April 14, 2022.

(85)Capital reserves

Pursuant to The Company Act, the amount in premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount in capital reserves capitalized into share capital is capped at 10% of paid-up capital per year. The Company may not utilize capital reserves to offset losses when there is still a positive balance in the earning reserves.

	<u>2023</u>			
	<u>Share premium</u>	<u>Employee warrants</u>	<u>Others</u>	<u>Total</u>
January 1	\$ 654,359	\$ 24,885	\$ 228	\$ 679,472
Exercise of employee warrants	34,765	( 9,024)	-	25,741
Employee warrants	-	3,590	-	3,590
December 31	<u>\$ 689,124</u>	<u>\$ 19,451</u>	<u>\$ 228</u>	<u>\$ 708,803</u>

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

(86)Retained earnings

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

Cash dividends must not be less than 10% of the sum of cash and stock dividends for the current year. However, cash dividends amounting to less than NT\$0.1 per share are to be paid in stock dividends instead.

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

2. The legal reserve may not be used for purposes other than reimbursing previous losses or distributing proportionally back to existing shareholders in the form of cash or new shares. Only the amount in reserve that exceeds paid-up capital by 25% may be distributed in cash or new shares.
3. When distributing earnings, the Company is bound by laws to make provision for special reserves equal to the debit balance of other equity items as at the current balance sheet date before proceeding. If the debit balance of other equity items is reversed on a later date, the amount reversed can be added to available earnings for distribution.
4. Appropriation of 2022 and 2021 earnings were resolved in shareholder meetings dated May 26, 2023 and May 31, 2022, respectively. Details are as follows:

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

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

As explained above, the appropriation of 2022 and 2021 earnings were indifferent from the proposals raised by the board of directors.

5. Appropriation of 2023 earnings has been proposed and passed by the board of directors during the meeting held on February 27, 2024; details are as follows:

	<u>Amount</u>	<u>2023</u> <u>Dividends per share</u> <u>(NTD)</u>
Provision for legal reserves	\$ 25,042	
Reversal for special reserve	( 3,757)	
Cash dividends	167,582	\$ 5.0
Stock dividends	50,274	1.5

As of February 27, 2024, it has not been resolved by the shareholders' meeting.

(87) Operating revenues

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 1,248,403</u>	<u>\$ 1,329,319</u>

1. Breakdown of revenue from contracts with customers

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

	<u>Medical computers</u>	<u>Services and warranty</u>	
<u>2023</u>	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>
Revenue from contracts with external customers	\$ 1,230,956	\$ 17,447	\$ 1,248,403
Timing of revenue recognition			
Revenues recognized at a specific time	\$ 1,230,956	\$ -	\$ 1,230,956
Revenues recognized progressively over time	-	17,447	17,447
	<u>\$ 1,230,956</u>	<u>\$ 17,447</u>	<u>\$ 1,248,403</u>
	<u>Medical computers</u>	<u>Services and warranty</u>	
<u>2022</u>	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>
Revenue from contracts with external customers	\$ 1,299,123	\$ 30,196	\$ 1,329,319
Timing of revenue recognition			
Revenues recognized at a specific time	\$ 1,299,123	\$ -	\$ 1,299,123
Revenues recognized progressively over time	-	30,196	30,196
	<u>\$ 1,299,123</u>	<u>\$ 30,196</u>	<u>\$ 1,329,319</u>

## 2. Contractual liabilities

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



	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contractual liabilities - current:			
Service and sales contract	\$ 51,251	\$ 49,143	\$ 64,568
Warranty contract	<u>6,587</u>	<u>8,853</u>	<u>10,862</u>
	<u>57,838</u>	<u>57,996</u>	<u>75,430</u>
Contractual liabilities - non-current:			
Service and sales contract	44,848	54,939	26,024
Warranty contract	<u>8,453</u>	<u>12,921</u>	<u>16,072</u>
	<u>53,301</u>	<u>67,860</u>	<u>42,096</u>
	<u>\$ 111,139</u>	<u>\$ 125,856</u>	<u>\$ 117,526</u>

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

	<u>2023</u>	<u>2022</u>
Amount in opening contractual liabilities recognized as current income		
Service and sales contract	\$ 40,657	\$ 55,940
Warranty contract	<u>8,853</u>	<u>10,862</u>
	<u>\$ 49,510</u>	<u>\$ 66,802</u>

(3) Long-term contracts not yet fulfilled

The Company had long-term contracts with customers that were unfulfilled (or not fully fulfilled) as at December 31, 2023 and 2022, which had allocated prices of \$111,139 and \$125,856, respectively. The management expects to recognize \$57,838 and \$57,996 of revenues from allocated prices of unfulfilled performance obligations as at December 31, 2023 and 2022, in the following year. In contrast, the remaining contract prices are expected to be recognized as income over 2 to 6 years. The above amounts do not include constraining estimates of variable consideration.

(88)Other income

	<u>2023</u>		<u>2022</u>
Rental income	\$ 1,053	\$	6,906
Dividend income	408		3,709
Gain on elimination of overdue contract liabilities	-		3,986
Other income	<u>5,057</u>		<u>4,609</u>
	<u>\$ 6,518</u>	\$	<u>19,210</u>

(89)Other gains and losses

	<u>2023</u>		<u>2022</u>
Gain (loss) on financial assets at fair value through profit or loss	\$ 11,859	(\$	12,468)
Gain (loss) on exchange	( 7,646)		18,749
Government grant income	196		16
Gain on lease amendment	5		-
Depreciation of investment property	-	(	1,627)
Gain on disposal of property, plant, and equipment	-		250
Other losses	<u>( 1,730)</u>		<u>-</u>
	<u>\$ 2,684</u>	\$	<u>4,920</u>

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

	<u>2023</u>		<u>2022</u>
Employee benefit expenses	\$ 173,353	\$	169,472
Depreciation on property, plant, and equipment	14,246		13,437
Depreciation on right-of-use assets	4,219		5,095
Amortization	<u>2,476</u>		<u>2,095</u>
	<u>\$ 194,294</u>	\$	<u>190,099</u>

(91)Employee benefit expenses

	<u>2023</u>		<u>2022</u>
Salary expenses	\$ 155,584	\$	152,746
Labor/health insurance premium	10,625		9,957
Pension expense	5,509		5,083
Other personnel expenses	<u>1,635</u>		<u>1,686</u>
	<u>\$ 173,353</u>	\$	<u>169,472</u>

1. According to the Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 5% and director remuneration of no higher than 3%.
2. The Company had estimated employee remuneration at \$22,500 and \$18,000, and director remuneration at \$2,400 and \$2,400, for 2023 and 2022, respectively. All above amounts were presented as salary expenses for the respective years.

Amounts for 2023 were estimated based on the current year's profits and the percentages outlined in the Articles of Incorporation. The board of directors has resolved to pay \$22,500 and \$2,400, respectively, in cash.

The board of directors had resolved to pay 2022 employee remuneration and director remuneration at \$18,000 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2022 financial report and were paid in cash. Payment of the above amounts had been completed as at February 27, 2024.

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

3. The Company employed a total of 125 employees in 2023 and 120 employees in 2022; the number of directors without a concurrent role as an employee was 5 in both years.

(92) Income tax

1. Income tax expenses

(1) Composition of income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax on current profit	\$ 38,163	\$ 46,530
Additional tax on unappropriated earnings	-	505
Underestimation of income tax expenses in previous years	<u>57</u>	<u>866</u>
Total current income tax	38,220	47,901
Deferred income tax:		
Occurrence and reversal of temporary difference	<u>6,902</u>	<u>(9,031)</u>
Income tax expense	<u>\$ 45,122</u>	<u>\$ 38,870</u>

(2) Income tax on other comprehensive income:

	<u>2023</u>	<u>2022</u>
Translation differences from foreign operations	<u>\$ 84</u>	<u>\$ 2,264</u>

2. Relationship between income tax expense and accounting profit

	<u>2023</u>		<u>2022</u>	
Income tax derived by applying the statutory tax rate to pre-tax profit	\$	60,077	\$	48,367
Income tax to be adjusted in accordance with the tax law	(	15,012)	(	10,868)
Underestimation of income tax expenses in previous years		57		866
Additional tax on unappropriated earnings		<u>-</u>		<u>505</u>
	<u>\$</u>	<u>45,122</u>	<u>\$</u>	<u>38,870</u>

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

	<u>January 1</u>	<u>Recognized through profit and loss</u>	<u>2023</u> <u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,939	\$ 51	\$ -	\$ 1,990
Allowance for inventory devaluation	7,957	( 4,572)	-	3,385
Unrealized gross profit	4,150	( 5)	-	4,145
loss on foreign investments	3,127	( 3,127)	-	-
Unrealized loss on exchange	259	1,172	-	1,431
Translation differences from foreign operations	634	-	( 84)	550
Others	<u>1,556</u>	<u>2</u>	<u>-</u>	<u>1,558</u>
	19,622	( 6,479)	( 84)	13,059
- Deferred income tax liabilities:				
Gain on foreign investments	<u>-</u>	<u>( 423)</u>	<u>-</u>	<u>( 423)</u>
	<u>\$ 19,622</u>	<u>(\$ 6,902)</u>	<u>(\$ 84)</u>	<u>\$ 12,636</u>

	<u>January 1</u>	<u>Recognized through profit and loss</u>	<u>2022 Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary difference:				
- Deferred income tax assets:				
Warranty reserves	\$ 1,654	\$ 285	\$ -	\$ 1,939
Allowance for inventory devaluation	5,023	2,934	-	7,957
Unrealized gross profit	2,803	1,347	-	4,150
loss on foreign investments	-	3,127	-	3,127
Unrealized loss on exchange	306	( 47)	-	259
Translation differences from foreign operations	2,898	-	( 2,264)	634
Others	<u>1,449</u>	<u>107</u>	<u>-</u>	<u>1,556</u>
	14,133	7,753	( 2,264)	19,622
- Deferred income tax liabilities:				
Gain on foreign investments	( 1,278)	<u>1,278</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,855</u>	<u>\$ 9,031</u>	<u>(\$ 2,264)</u>	<u>\$ 19,622</u>

4. The Company's profit-seeking enterprise business income tax returns have been certified by the tax authority up to 2021.

(93)EPS

	<u>2023</u>	
	Amount after tax	Weighted average outstanding shares (thousand shares)
		EPS (NTD)
<u>Basic earnings per share</u>		
Current net income	<u>\$ 255,262</u>	<u>33,351</u> \$ <u>7.65</u>
<u>Diluted earnings per share</u>		
Current net income	\$ 255,262	33,351
Dilutive effect of potential common shares		
Employee warrants	-	154
Employee remuneration	<u>-</u>	<u>144</u>
Current net income plus effect of potential common shares	<u>\$ 255,262</u>	<u>33,649</u> \$ <u>7.59</u>

	<u>2022</u>	
	Amount after tax	Weighted average outstanding shares (thousand shares)
		EPS (NTD)
<u>Basic earnings per share</u>		
Current net income	<u>\$ 202,963</u>	<u>32,522</u> \$ <u>6.24</u>
<u>Diluted earnings per share</u>		
Current net income	\$ 202,963	32,522
Dilutive effect of potential common shares		
Employee remuneration	<u>-</u>	<u>200</u>
Current net income plus effect of potential common shares	<u>\$ 202,963</u>	<u>32,722</u> \$ <u>6.20</u>

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

(94) Supplementary cash flow information

1. Investing activities involving partial cash outlay:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant, and equipment	\$ 68,302	\$ 9,090
Plus: equipment proceeds payable at the beginning of the period	-	1,726
Less: Equipment proceeds payable at the end of the period	( 967)	-
Cash paid during the current period	<u>\$ 67,335</u>	<u>\$ 10,816</u>

2. Investment activities without cash flow effects:

	<u>2023</u>	<u>2022</u>
Reclassification of investment property to property, plant and equipment	<u>\$ -</u>	<u>\$ 276,018</u>

(95) Change of liabilities relating to financing activities

	<u>2023</u>			<u>Total</u>
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	
January 1	\$ -	\$ 155,286	\$ 34,525	\$ 189,811
Net increase in short-term loans	27,000	-	-	27,000
Repayment of long-term loan	-	( 10,311)	-	( 10,311)
Repayment of lease principal	-	-	( 3,949)	( 3,949)
Other changes without cash effect	-	-	2,019	2,019
December 31	<u>\$ 27,000</u>	<u>\$ 144,975</u>	<u>\$ 32,595</u>	<u>\$ 204,570</u>

	<u>2022</u>			<u>Total</u>
	<u>Short-term loans</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	
January 1	\$ 105,000	\$ 165,787	\$ 37,845	\$ 308,632
Decrease in short-term loan	( 105,000)	-	-	( 105,000)
Repayment of long-term loan	-	( 10,501)	-	( 10,501)
Repayment of lease principal	-	-	( 4,894)	( 4,894)
Other changes without cash effect	-	-	1,574	1,574
December 31	<u>\$ -</u>	<u>\$ 155,286</u>	<u>\$ 34,525</u>	<u>\$ 189,811</u>

21. Related party transactions

(96)Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 48.50% of its shares controlled by AAEON Technology Inc. AAEON Technology Inc. is the parent company, whereas ASUSTeK Computer Inc. is the ultimate controller of the Company.

(97)Name and relationship of related parties

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



MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity
AtechOEM Inc.	Other related party - the Company's Chairman concurrently serves as director in the entity
Spark Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
LYDS Technologies Inc.	Other related party - the Company's Chairman is the spouse to the chairman of the entity
Chuang, Yung-Shun	Executive management - the Company's Chairman

(98) Major transactions with related parties

1. Operating revenues

	<u>2023</u>	<u>2022</u>
Sales of goods:		
Parent company	\$ 240	\$ 7,772
Affiliated subsidiary of the same group	1,713	8,227
Subsidiary		
ONYX HEALTHCARE USA, INC.	279,658	392,845
Others	29,205	37,260
Associated company	141	27
Other related parties	4,323	4,000
	<u>\$ 315,280</u>	<u>\$ 450,131</u>

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

2. Purchases

	<u>2023</u>	<u>2022</u>
Purchase of merchandise:		
Parent company		
AAEON Technology Inc.	\$ 43,837	\$ 93,980
Affiliated subsidiary of the same group	205	193
Subsidiary	867	6,503
Associated company	8,407	8,442
Other related parties	16,580	16,861
	<u>\$ 69,896</u>	<u>\$ 125,979</u>

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

3. Operating costs and expenses

	<u>2023</u>	<u>2022</u>
Parent company	\$ 4,436	\$ 2,630
Affiliated subsidiary of the same group	14	-
Subsidiary	26,828	25,065
Associated company	380	191
Other related parties	<u>4,118</u>	<u>2,219</u>
	<u>\$ 35,776</u>	<u>\$ 30,105</u>

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

4. Other operating costs

	<u>2023</u>	<u>2022</u>
Parent company	(\$ <u>5,355</u> )	<u>-</u>

Other operating costs mentioned above mainly comprise compensation payments received from the parent company. Please see Note 6(5) for details.

5. Rental income (presented as other income)

	<u>2023</u>	<u>2022</u>
Parent company		
AAEON Technology Inc.	\$ 477	\$ 6,906
Other related parties		
LYDS Technologies Inc.	<u>576</u>	<u>-</u>
	<u>\$ 1,053</u>	<u>\$ 6,906</u>

Rent between the Company and related parties is negotiated after taking into consideration the market rate of adjacent area rates. Rent payments are collected on a monthly basis.

## 6. Related party receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Parent company	\$ 9	\$ 182
Affiliated subsidiary of the same group	108	726
Subsidiary		
ONYX HEALTHCARE USA, INC.	44,742	88,426
Others	8,533	9,251
Other related parties	631	138
	<u>\$ 54,023</u>	<u>\$ 98,723</u>

## 7. Related party payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Parent company	\$ 8	\$ 3,735
Associated company	-	5
Other related parties	1,083	2,117
	<u>\$ 1,091</u>	<u>\$ 5,857</u>
Other payables:		
Parent company	\$ 224	\$ 59
Subsidiary	1,990	2,133
Associated company	-	4
Other related parties	-	1,218
	<u>\$ 2,214</u>	<u>\$ 3,414</u>

## 8. Property transaction

Acquisition of property, plant, and equipment

	<u>2023</u>	<u>2022</u>
Parent company	<u>\$ 2,639</u>	<u>\$ -</u>

Disposal of property, plant, and equipment

	<u>2023</u>		<u>2022</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Parent company				
AAEON Technology Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ 250</u>

9. Guarantee deposits received

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

Represents rental deposit.

(99)Compensation for key management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 14,666	\$ 17,159
Retirement benefits	363	455
Share-based payment	<u>1,482</u>	<u>5,944</u>
	<u>\$ 16,511</u>	<u>\$ 23,558</u>

22. Pledged assets

The Company had placed the following assets as collaterals:

	<u>Book value</u>		
<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of security</u>
Time deposits (statement of financial assets at amortized cost - current)	<u>\$ 31,626</u>	<u>\$ -</u>	Guarantee of short-term borrowings and forward exchange contract
Time deposit (presented as other current assets)	<u>\$ -</u>	<u>\$ 921</u>	Security for forward exchange contract
Guarantee deposits paid (presented as other current and non assets)	<u>\$ 952</u>	<u>\$ 2,367</u>	Rental deposit for office and warehouse space, and deposit for special projects
Land (listed under property, plant and equipment)	<u>\$ 229,660</u>	<u>\$ 229,660</u>	Long-term loans
Buildings (listed under property, plant and equipment)	<u>\$ 44,731</u>	<u>\$ 46,358</u>	Long-term loans

23. Major contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

24. Losses from major disasters

None.

25. Major post-balance sheet date events

Appropriation of 2023 earnings has been proposed and passed by the board of directors during the meeting held on February 27, 2024; please see Note 6(20) for details.

26. Others

(12) Capital management

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

(13) Financial instruments

1. Types of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatory to be carried at fair value through profit or loss	\$ 46,026	\$ 34,167
Financial assets at fair value through other comprehensive income		
Voluntarily designated as an investment in an equity instrument	\$ 68,756	\$ 27,536
Financial assets carried at cost after amortization		
Cash and cash equivalents	\$ 271,068	\$ 265,189
Financial assets carried at cost after amortization	31,626	-
Notes receivable	3	-
Accounts receivable	119,987	141,074
Accounts receivable - related parties	54,023	98,723
Other receivables	1,716	3,625
Other financial assets (presented as other current assets)	-	921
Guarantee deposits paid (presented as other current and non assets)	952	2,367
	<u>\$ 479,375</u>	<u>\$ 511,899</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities		
Financial liabilities carried at cost after amortization		
Short-term loans	\$ 27,000	\$ -
Accounts payable	65,176	81,270
Accounts payable - related parties	1,091	5,857
Other payables	72,561	55,285
Other payables - related parties	2,214	3,414
Long-term loans (including those due within one year)	144,975	155,286
Guarantee deposits received	-	1,148
	<u>\$ 313,017</u>	<u>\$ 302,260</u>
Lease liabilities	<u>\$ 32,595</u>	<u>\$ 34,525</u>

## 2. Risk management policy

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

## 3. Characteristics and level of significant financial risks

### (1) Market risk

#### Exchange rate risk

- A. The Company is a multinational organization, and transactions undertaken by the Company in currencies other than the functional currency would give rise to exchange rate risks. USD accounts for the highest exposure of exchange rate risk. Exchange rate risks arise from future commercial transactions and recognized amounts of assets and liabilities.
- B. The management has implemented policies to guide the Company in managing exchange rate risks associated with its functional currency. The Company hedges overall exchange rate risk through its Treasury Department. Exchange rate risks are measured by the value of USD transactions that are highly likely to occur. Instruments such as forward exchange and cross-currency contracts are used to mitigate the effect of exchange rate volatility on expected sales revenues.

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

				<u>December 31, 2023</u>	
				Book value	
(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(thousand</u> <u>dollars)</u>	<u>Exchange rate</u>		<u>(NTD)</u>	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 9,981	30.71	\$	306,460	
<u>Non-monetary items</u>					
USD:NTD	3,094	30.71		95,024	
RMB:NTD	769	4.33		3,330	
EUR:NTD	482	33.98		16,373	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1,112	30.71		34,158	
				<u>December 31, 2022</u>	
				Book value	
(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(thousand</u> <u>dollars)</u>	<u>Exchange rate</u>		<u>(NTD)</u>	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 8,473	30.71	\$	256,275	
<u>Non-monetary items</u>					
USD:NTD	2,515	30.71		77,251	
RMB:NTD	1,320	4.41		5,822	
EUR:NTD	405	32.72		13,255	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1,392	30.71		42,748	

D. Total (loss) gain on exchange (realized and unrealized) recognized by the Company for monetary items susceptible to significant exchange rate fluctuation in 2023 and 2022 amounted to (\$7,646) and \$18,749, respectively.

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

(Foreign currency: functional currency)	<u>Variation</u>	<u>2023</u>	
		<u>Sensitivity analysis</u>	
		<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,065	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	950
RMB:NTD	1%	-	33
EUR:NTD	1%	-	164
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	342	-

(Foreign currency: functional currency)	<u>Variation</u>	<u>2022</u>	
		<u>Sensitivity analysis</u>	
		<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,563	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	773
RMB:NTD	1%	-	58
EUR:NTD	1%	-	133
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	427	-



### Price risk

- A. Equity instruments held by the Company that is exposed to price risks have been presented as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To better manage price risks on equity instruments, the Company has implemented concentration limits and diversified its investment portfolio accordingly.
- B. The Company mainly invests in equity instruments issued by local companies. Prices of these equity instruments are affected by the uncertainty associated with the future value of the underlying investment. A 1% rise/fall in the price of equity instruments would increase/decrease gain or loss on equity instruments at fair value through profit or loss, and hence net income, by \$460 and \$342 in 2023 and 2022, respectively, assuming that all other factors remain unchanged. For equity investments that are carried at fair value through other comprehensive income, the above changes would increase/decrease gain or loss on investment by \$688 and \$275, respectively.

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

- A. The Company's exposure to interest rate risk arises mainly from short-term and long-term loans borrowed at a floating interest rate, which gives rise to the risk of cash flow change due to the interest rate. This risk is partially offset by cash and cash equivalents held at a floating interest rate. The Company's floating rate borrowings in 2023 and 2022 were denominated in NTD.
- B. If interest rates on NTD borrowings had increased or decreased by 1%, with all other factors remaining constant, net income would have decreased or increased by \$1,376 and \$1,242 in 2023 and 2022, respectively. This is mainly due to the change in interest expense as a result of variable-rate borrowings.

### (2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Company due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle and pay accounts receivable according to the prescribed terms.
- B. The Company has developed credit risk management practices. According to the Company's internal credit policy, all departments are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by considering customers' financial position, previous conduct, and other relevant factors. The board of directors sets individual counterparty risk limits based on internal or external assessments. Uses of credit limit are monitored on a regular basis.
- C. The Company adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 120 days.

D. The Company has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying any significant increase in the credit risk of a financial instrument held on hand after initial recognition:

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

E. The Company distinguishes notes and accounts receivable (including related parties) by customers' characteristics, and adopts a simplified approach along with the use of provision matrix and loss given default to estimate expected credit loss.

F. Financial assets that are rationally deemed unrecoverable after exhausting collection efforts are charged off. In which case, however, the Company will continue taking legal actions to secure debt entitlement. The Company had no charged-off debt with ongoing collection activities as at December 31, 2023 and 2022.

G. (1) Customers of good credit background and insured accounts receivable are subject to loss given a default of 0.2%. As at December 31, 2023 and 2022, the Company had outstanding accounts receivable of \$115,115 and \$119,626 and had made bad debt provisions of \$230 and \$239, respectively.

(2) The Company takes into account multiple considerations, including the Monitoring Indicator published by National Development Council, future prospects, historical and current information etc. to determine loss given default, which is used for estimating loss provisions on notes and accounts receivable from customers under normal credit conditions. Provision matrix as at December 31, 2023 and 2022, is as follows:

	<u>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2023</u>							
Expected loss given default	0.00~1.58%	8.42%	15.63%	45.15%	50.00%	100%	
Total book value	<u>\$ 57,933</u>	<u>\$ 1,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ 60,748</u>
Loss provision	<u>\$ 72</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ 1,620</u>

	<u>Current</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 - 60 days</u>	<u>Overdue 61 - 90 days</u>	<u>Overdue 91 - 120 days</u>	<u>Overdue more than 121 days</u>	<u>Total</u>
<u>December 31, 2022</u>							
Expected loss given default	0.00~1.30%	7.71%	14.48%	44.38%	50.00%	100%	
Total book value	<u>\$ 116,811</u>	<u>\$ 1,322</u>	<u>\$ 3,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797</u>	<u>\$ 122,980</u>
Loss provision	<u>\$ 236</u>	<u>\$ 95</u>	<u>\$ 442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797</u>	<u>\$ 2,570</u>

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

	<u>2023</u>		<u>2022</u>
January 1	\$ 2,809		\$ 4,334
Reversal of impairment loss (Amount unrecoverable and charged off)	( 959)	(	1,193)
	<u>-</u>	<u>(</u>	<u>332)</u>
December 31	<u>\$ 1,850</u>	<u>\$</u>	<u>2,809</u>

Of loss reversals in 2023 and 2022, the reversal of impairment losses on receivables arising from customer contracts was \$959 and \$1,193, respectively.

(3) Liquidity risk

- A. Cash flow projections are made by individual departments within the Company and consolidated by the Treasury Department. The Treasury Department is responsible for monitoring and predicting liquidity and capital requirements within the Company and ensuring that adequate capital has been sourced to support operational requirements.
- B. As at December 31, 2023 and 2022, the Company had undrawn credit limits of \$232,000 and \$194,000, respectively.
- C. Non-derivative financial liabilities are presented in the chart below. The Company analyzes them based on their remaining timespan from the balance sheet date until contract maturity. The amount of contractual cash flow shown in the table below are not discounted.

December 31, 2023

<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Short-term loans (including estimated interest)	\$ 27,074	\$ -	\$ -	\$ -
Accounts payable	65,176	-	-	-
Accounts payable - related parties	1,091	-	-	-
Other payables	72,561	-	-	-
Other payables - related parties	2,214	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	13,076	13,076	39,229	97,010
Lease liabilities	2,568	2,443	6,887	26,086

December 31, 2022

<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and above</u>
Accounts payable	\$ 81,270	\$ -	\$ -	\$ -
Accounts payable - related parties	5,857	-	-	-
Other payables	55,285	-	-	-
Other payables - related parties	3,414	-	-	-
Long-term borrowings (including current portion maturing in one year and estimated interest)	12,973	12,973	38,920	109,193
Lease liabilities	4,744	2,415	6,643	26,324

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

(14) Fair value information

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

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

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

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

2. Financial instruments not measured at fair value

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

3. Financial and non-financial instruments carried at fair value are classified by the Company on the basis of the nature, characteristics and risks of the assets and the fair value hierarchy, and the related information is as follows:

(1) The Company assets by nature:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 11,389	\$ -	\$ 34,637	\$ 46,026
Financial assets at fair value through other comprehensive income				
Equity securities	<u>68,756</u>	<u>-</u>	<u>-</u>	<u>68,756</u>
	<u>\$ 80,145</u>	<u>\$ -</u>	<u>\$ 34,637</u>	<u>\$ 114,782</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,211	\$ -	\$ 26,956	\$ 34,167
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>27,536</u>	<u>27,536</u>
	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ 54,492</u>	<u>\$ 61,703</u>

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

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

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

B. Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments were obtained either by applying valuation techniques or by referring to counterparties' quotations.

C. For the valuation of non-standardized financial instruments of low complexity, the Company adopts valuation techniques commonly used among market participants. Valuation models for this type of financial instrument often use observable market information as the parameter.

- D. Derivatives are valued using valuation models that are commonly accepted among market users, such as the discounted cash flow approach. Forward exchange contracts are usually valued using the prevailing forward exchange rate.
- E. Results generated from the valuation model are approximations of the estimate. The valuation technique may not reflect all relevant factors associated with the holding of financial and non-financial instruments. For this reason, estimates generated from the valuation model are adjusted using additional parameters, such as modeling risks or liquidity risks. Judging by the Company's fair value assessment modeling policies and control procedures, the management is confident that they ensure a fair presentation for the fair values of financial and non-financial instruments shown on the balance sheet. All valuation adjustments made were appropriate and necessary. All price information and parameters used in the valuation process have been thoroughly assessed and adjusted appropriately according to the prevailing market conditions.
4. There had been no transfer between level 1 and level 2 input in 2023 or 2022.
5. Changes of level 3 input in 2023 and 2022 are explained below:

	<u>2023</u>		<u>2022</u>
	<u>Equity instrument</u>		<u>Equity instrument</u>
January 1	\$ 54,492	\$	68,787
Recognized through profit and loss (Note 1)	7,681	(	9,450)
Recognized in other comprehensive income (Note 2)	( 2,381)	(	4,845)
Outward transfer of level 3 input	<u>( 25,155)</u>		<u>-</u>
December 31	<u>\$ 34,637</u>	\$	<u>54,492</u>

Note 1: Presented as other gains and losses.

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

6. The outward transfer of level 3 input that occurred in 2023 was due to the reclassification of ProtectLife shares, which used to be measured using level 3 input. Please see Note 6(7) for detailed description. There was no inward or outward transfer of level 3 input 2022.
7. The Treasury Department is responsible for validating the fair value of assets that require the use of level 3 fair value input. The department relies on independent sources of information to ensure that the valuation results closely resemble the market condition; it verifies that information is obtained from independent, reliable, and consistent sources; and makes necessary fair value adjustments to ensure that valuation results are reasonable.

Furthermore, the Treasury Department has financial instrument fair value evaluation policies and procedures in place and adopts practices to ensure compliance with International Financial Reporting Standards.

8. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	<u>Fair value as of</u> <u>December 31, 2023</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>and</u> <u>unobservable</u> <u>input</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>and fair value</u>
Equity instrument:					
Shares of joint venture companies	\$ 34,637	Net asset value approach	Not applicable	Not applicable	Not applicable

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

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

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

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

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

27. Other disclosures

(15) Information related to significant transactions

Significant transactions undertaken by the Company in 2023, as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers, are explained below; disclosures concerning investees have been prepared based upon investees' audited financial statements for the corresponding period; transactions with subsidiaries have been eliminated while preparing the consolidated financial report, and are disclosed below solely for reference.

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

(16) Information on business investments

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

(17) Information relating to investments in the Mainland

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

(18) Information on major shareholders

Information on major shareholders: Please see Attachment 7.

28. Segment information

Not applicable.



ONYX Healthcare Inc.  
End-of-period marketable securities holding position (excluding investment in subsidiaries, associated companies and joint ventures)  
December 31, 2023

Attachment 1

Unit: NT\$ thousand  
(unless specified otherwise)

Company name	Type of security	Name of security (Note 1)	Relationship with the securities issuer (Note 2)	Account category	Shares	End-of-period		Fair value	Remarks (Note 4)
						Book value (Note 3)	Shareholdings percentage		
ONYX Healthcare Inc.	Shares	MACHVISION Inc Co., LTD	Other related party - the Company's Chairman concurrently serves as director in the entity	Financial assets at fair value through profit or loss - current	18,716	\$ 4,089	0.03%	\$ 4,089	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through profit or loss - current	223,918	7,300	0.16%	7,300	None
ONYX Healthcare Inc.	Shares	Taiwan Star Venture Capital Investment Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,000,000	34,637	13.04%	34,637	None
ONYX Healthcare Inc.	Shares	MELTEN CONNECTED HEALTHCARE INC.	None	Financial assets at fair value through other comprehensive income - non- current	4,193,548	-	6.61%	-	None
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	None	Financial assets at fair value through other comprehensive income - non- current	2,109,082	68,756	1.53%	68,756	None

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

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

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

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

ONYX Healthcare Inc.  
Cumulative purchase or sale of the same marketable securities amounting to NT\$300 million or more than 20% of the paid-up capital  
January 1 to December 31, 2023

Attachment 2

Unit: NT\$ thousand  
(unless specified otherwise)

Company name	Type of security	Name of security		Beginning of period		Buy (Note 3)		Sell (Note 3)				End-of-period						
		(Note 1)	Account category	Counterparty (Note 2)	Relationship (Note 2)	Shares	Amount	Shares	Amount	(Note 5)	Shares	Selling price	Book cost	Disposal gain or loss	(Note 5)	Shares	Amount	
ONYX Healthcare Inc.	Shares	Top Union Electronics Corp.	Financial assets at fair value through other comprehensive income - non-current	-	-	-	\$ -	2,109,082	\$ 71,769	1	-	\$ -	\$ -	\$ -	-	-	2,109,082	\$ 68,756
										2								

Note 1: Securities mentioned in the financial statements shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above.

Note 2: If the securities are accounted for under the equity method, these two columns are required to be fill in, and the remainder can be left blank.

Note 3: The cumulative amount of purchases and sales should be calculated separately based on the market price to determine whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

Note 5: 1. The purchase or capital increase/sale or capital decrease/liquidation in the current period; 2. The valuation adjustment in the current period.

ONYX Healthcare Inc.  
Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital  
January 1 to December 31, 2023

Attachment 3

Unit: NT\$ thousand  
(unless specified otherwise)

			<u>Transaction summary</u>		<u>As a percentage to total purchases (sales)</u>	<u>Loan tenor</u>	<u>Distinctive terms of trade and reasons (Note 1)</u>		<u>Notes and accounts receivable (payable)</u>		<u>Remarks (Note 2)</u>
							<u>Unit price</u>	<u>Loan tenor</u>	<u>Balance</u>	<u>As a percentage of total notes and accounts receivable (payable)</u>	
<u>Name of buyer (seller)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale)</u>	<u>Amount</u>							
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	Subsidiary	(Sale)	(\$ 279,658)	(22.40%)	90 days after month-end	\$ -	-	\$ 44,742	25.71%	None

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

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

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

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

ONYX Healthcare Inc.  
Major business dealings between the parent company and subsidiaries and transactions between subsidiaries  
January 1 to December 31, 2023

Attachment 4

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Serial No.</u> <u>(Note 1)</u>	<u>Name of transacting party</u>	<u>Counterparty</u>	<u>Relationship with the transacting party</u> <u>(Note 2)</u>	<u>Account</u>	<u>Amount</u>	<u>Transaction terms</u>	<u>As a percentage of consolidated revenues or total assets</u> <u>(Note 3)</u>
0	ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	1	Sales	\$ 279,658	90 days after month-end	18.73%

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

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

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

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

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

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

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

ONYX Healthcare Inc.  
Names, locations and information on investees (excluding Mainland investees)  
January 1 to December 31, 2023

Attachment 5

Unit: NT\$ thousand  
(unless specified otherwise)

Name of investor	Name of investee (Notes 1 and 2)	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee (Note 2(2))	Investment gains/losses recognized in the current period (Note 2(3))	Remarks
				End of current period	End of previous year	Shares	Percentage (%)	Book value			
ONYX Healthcare Inc.	ONYX HEALTHCARE USA, INC.	USA	Sale of medical computers and peripherals	\$ 61,410	\$ 61,420	200,000	100	\$ 95,024	\$ 18,402	\$ 18,402	None
ONYX Healthcare Inc.	ONYX HEALTHCARE EUROPE B.V.	The Netherlands	Marketing support, maintenance, and sales of medical computers and peripherals	3,398	3,272	100,000	100	16,373	1,779	1,779	None
ONYX Healthcare Inc.	iHELPER Inc.	Taiwan	Research, development, and sale of medical robots	16,560	16,560	1,656,000	46	7,626	( 1,570)	( 79)	None
ONYX Healthcare Inc.	Winmate Inc.	Taiwan	Tendering, quotation, and distribution of LCD equipment and modules	568,585	568,585	10,244,000	13	629,526	505,952	67,722	None
ONYX Healthcare Inc.	ProtectLife International Biomedical Inc.	Taiwan	Production and wholesaling of medical equipment, consumables, and related products	44,380	-	2,188,000	11	34,685	( 47,750)	( 4,850)	None

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

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

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

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

ONYX Healthcare Inc.  
Mainland investments - profile  
January 1 to December 31, 2023

Attachment 6

Unit: NT\$ thousand  
(unless specified otherwise)

<u>Name of Mainland investee</u>	<u>Main business activities</u>	<u>Paid-up capital</u>	<u>Method of investment (Note 1)</u>	<u>Investment capital contributed or recovered during the current period</u>		<u>Closing cumulative balance of investment capital invested from Taiwan</u>	<u>Current period profit/loss of the investee</u>	<u>The Company's direct or indirect holding percentage (%)</u>	<u>Investment gains (losses) recognized in the current period (Note 2(2)B.)</u>	<u>Closing investment book value</u>	<u>Investment gains recovered to date</u>	<u>Remarks</u>
				<u>Opening cumulative balance of investment capital invested from Taiwan</u>	<u>Invested</u>							
Onyx Healthcare (Shanghai) Inc.	Sale of medical computers and peripherals	\$ 67,551	1	\$ 67,551	\$ -	\$ -	\$ 67,551	(\$ 2,428)	100(\$ 2,428)	\$ 3,330	\$ -	None

<u>Company name</u>	<u>Closing cumulative balance of investment capital transferred from Taiwan into Mainland China</u>	<u>Investment limit authorized by the Investment Commission, Ministry of Economic Affairs</u>	<u>Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland China</u>
ONYX Healthcare Inc.	\$ 67,551	\$ 67,551	\$ 912,327

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

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

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

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

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

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

ONYX Healthcare Inc.  
Information on major shareholders  
December 31, 2023

Attachment 7

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shareholding percentage (%)</u>
AAEON Technology Inc.	16,257,179	48.50
Chuang, Yung-Shun	2,745,068	8.19
ASUSTeK Computer Inc.	1,694,112	5.05

Note 1: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for aggregate ownership of 5% and above.  
Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

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

ONYX Healthcare Inc.  
Cash and cash equivalents  
December 31, 2023

Account set 1

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Petty cash		\$ 418	
Demand deposit - NTD		106,034	
USD	USD 4,543 thousand; exchange rate: 30.71	139,484	
EUR	EUR 288 thousand; exchange rate: 33.98	9,780	
Time deposit - USD	USD 500 thousand; exchange rate: 30.71	15,352	
		<u>\$ 271,068</u>	



ONYX Healthcare Inc.  
Net accounts receivable  
December 31, 2023

Account set 2

Unit: NT\$ thousand

Customer name	Summary	Amount	Remarks
Customer A		\$ 38,697	
Customer B		22,304	
Customer C		18,469	
Customer D		11,303	
Customer E		7,469	
Others		23,595	No single customer represented more than 5% of this account balance
		121,837	
Less: loss provisions	(	1,850)	
		<u>\$ 119,987</u>	

ONYX Healthcare Inc.  
Inventory  
December 31, 2023

Account set 3

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Cost</u>	<u>Amount</u> <u>Net realizable</u> <u>value</u>	<u>Remarks</u>
Raw materials		\$ 142,640	\$ 134,198	Measured at replacement original cost
Work-in-progress		13,180	13,145	Measured at net realizable value
Semi-finished goods		73,902	66,503	Measured at net realizable value
Finished goods		<u>14,074</u>	<u>20,208</u>	Measured at net realizable value
		243,796	<u>\$ 234,054</u>	
Less: Allowance for obsolescence and devaluation loss		<u>( 16,927)</u>		
		<u>\$ 226,869</u>		

ONYX Healthcare Inc.  
Change in equity-accounted investments  
January 1 to December 31, 2023

Account set 4

Unit: NT\$ thousand

<u>Name</u>	<u>Opening balance</u>		<u>Current period increase</u>		<u>Current period decrease</u>		<u>Closing balance</u>		<u>Market price or net equity</u>			<u>Collateralized or pledged</u>	<u>Remarks</u>
	<u>Shares</u>	<u>Book value</u>	<u>Shares</u>	<u>Amount (Note 1)</u>	<u>Shares</u>	<u>Amount (Note 2)</u>	<u>Shares</u>	<u>Proportion</u>	<u>Amount</u>	<u>Unit price (\$)</u>	<u>Total price</u>		
OHU	200,000	\$ 77,251	-	\$ 18,589	-	(\$ 816)	200,000	100%	\$ 95,024	\$ -	\$ -	None	
ONI	100,000	13,255	-	3,118	-	-	100,000	100%	16,373	-	-	None	
OCI	-	5,822	-	18	-	( 2,510)	-	100%	3,330	-	-	None	
iHelper	1,656,000	7,705	-	-	-	( 79)	1,656,000	46%	7,626	-	-	None	
Winmate	10,244,000	606,637	-	71,690	-	( 48,801)	10,244,000	13%	629,526	122.5	1,254,890	None	
ProtectLife	-	-	2,188,000	39,535	-	( 4,850)	2,188,000	11%	34,685	-	-	None	
		<u>\$ 710,670</u>		<u>\$ 132,950</u>		<u>(\$ 57,056)</u>			<u>\$ 786,564</u>				

Note 1: Increases in the current period are the result of additional investments, the share of gain from subsidiaries and associated companies accounted using the equity method, effects of share-based payment, and cumulative translation adjustments.

Note 2: Decreases in the current period are the result of cash dividends collected from investees, share of loss from subsidiaries and associated companies accounted for using the equity method, and cumulative translation adjustments.

ONYX Healthcare Inc.  
Long-term loans  
December 31, 2023

Account set 5

Unit: NT\$ thousand

Lender	Summary	Amount borrowed	Contract duration	Interest rate	Collateral or security
Mega International Commercial Bank	Secured borrowings	\$ 144,975	May 28, 2021 to May 28, 2036	1.85%	Land and buildings
	Less: current portion of (	10,476)			
	long-term loan				
		\$ 134,499			

ONYX Healthcare Inc.  
Operating revenues  
January 1 to December 31, 2023

Account set 6

Unit: NT\$ thousand

Item	Quantity (pieces)	Amount	Remarks
Sales revenue			
- Medical computers	42,826	\$ 1,160,361	
- Others	66,062	75,010	
		1,235,371	
Less: sales return		( 137)	
Sales discount		( 4,278)	
Net sales revenue		1,230,956	
Services and warranty income		17,447	
		<u>\$ 1,248,403</u>	

ONYX Healthcare Inc.  
Operating costs  
January 1 to December 31, 2023

Account set 7

Unit: NT\$ thousand

Item	Amount
Opening raw materials	\$ 164,564
Plus: Raw materials purchased in the current period	398,161
Gains on stock-take of raw materials	399
Less: Closing raw materials	( 142,640)
Sale of raw materials	( 17,637)
Scrapping of raw materials	( 10,883)
Raw materials used and reclassified to expenses	( 1,151)
Director raw materials	390,813
Direct labor	13,341
Manufacturing overhead	84,051
Manufacturing cost	488,205
Opening balance of work-in-progress and semi-finished goods	126,324
Plus: Semi-finished goods purchased	238,394
Reclassification from finished goods	5
Less: Closing work-in-progress and semi-finished goods	( 87,082)
Sale of semi-finished goods	( 40,498)
Loss on stock-take of work-in-progress	( 36)
Scrapping of work-in-progress	( 5,197)
Requisition of work-in-progress and reclassification of work-in-progress to expense accounts	( 5,951)
Cost of finished goods	714,164
Opening balance of finished goods	12,943
Plus: Finished goods purchased	64,244
Reclassification of expense to finished goods	364
Less: Closing balance of finished goods	( 14,074)
Reclassification to semi-finished goods	( 5)
Loss on stock-take of finished goods	( 7)
Scrapping of finished goods	( 349)
Production/selling cost	777,280
Cost of raw materials and semi-finished goods sold	58,135
Cost of inventory sold	835,415
Service and warranty cost	11,194
Gains from recovery	( 6,432)
Other operating costs	( 5,355)
Gain on stock-take	( 356)
Operating costs	<u>\$ 834,466</u>

ONYX Healthcare Inc.  
Manufacturing overhead  
January 1 to December 31, 2023

Account set 8

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 39,553	
Depreciation	13,604	
Lease expenses	5,711	
Insurance premium	4,834	
Sundry purchases	4,388	
Other manufacturing overhead	15,961	No single item represented more than 5% of this account balance
	<u>\$ 84,051</u>	

ONYX Healthcare Inc.  
Selling expenses  
January 1 to December 31, 2023

Account set 9

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 28,653	
Service charges	26,990	
Advertising expenses	7,554	
Other expenses	10,403	No single item represented more than 5% of this account balance
	<u>\$ 73,600</u>	



ONYX Healthcare Inc.  
Administrative expenses  
January 1 to December 31, 2023

Account set 10

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 28,900	
Professional service expenses	4,674	
Insurance premium	3,957	
Other expenses	13,194	No single item represented more than 5% of this account balance
	<u>\$ 50,725</u>	

ONYX Healthcare Inc.  
R&D expenses  
January 1 to December 31, 2023

Account set 11

Unit: NT\$ thousand

Item	Amount	Remarks
Salary expenses	\$ 45,137	
R&D budget	15,865	
Testing expenses	5,144	
Other expenses	13,201	No single item represented more than 5% of this account balance
	<u>\$ 79,347</u>	

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function  
January 1 to December 31, 2023

Account set 12

Unit: NT\$ thousand

Item	<u>2023</u>			<u>2022</u>		
	<u>Presented as operating cost</u>	<u>Presented as operating expense</u>	<u>Total</u>	<u>Presented as operating cost</u>	<u>Presented as operating expense</u>	<u>Total</u>
Employee benefit expenses						
Salary expenses	\$ 52,894	\$ 98,670	\$ 151,564	\$ 50,999	\$ 97,700	\$ 148,699
Labor/health insurance premium	4,310	6,315	10,625	4,007	5,950	9,957
Pension expense	2,005	3,504	5,509	1,868	3,215	5,083
Directors' compensation	-	4,020	4,020	-	4,047	4,047
Other employee benefit expenses	720	915	1,635	747	939	1,686
	<u>\$ 59,929</u>	<u>\$ 113,424</u>	<u>\$ 173,353</u>	<u>\$ 57,621</u>	<u>\$ 111,851</u>	<u>\$ 169,472</u>
Depreciation	<u>\$ 13,604</u>	<u>\$ 4,861</u>	<u>\$ 18,465</u>	<u>\$ 11,927</u>	<u>\$ 6,605</u>	<u>\$ 18,532</u>
Amortization	<u>\$ -</u>	<u>\$ 2,476</u>	<u>\$ 2,476</u>	<u>\$ -</u>	<u>\$ 2,095</u>	<u>\$ 2,095</u>

1.Total employee count was 125 in 2023 and 120 in 2022; the number of directors without a concurrent role as an employee was 5 in both years.

2.The Company is required to make the mandatory disclosures below given that its shares are listed for trading on Taipei Exchange (TPEX):

(1) Average employee benefit expense was reported at \$1,411 for 2023 and \$1,438 for 2022.

(2) Average employee salary expense was reported at \$1,263 for 2023 and \$1,293 for 2022.

ONYX Healthcare Inc.  
Summary of current employee welfare, depreciation, and amortization by function  
January 1 to December 31, 2023

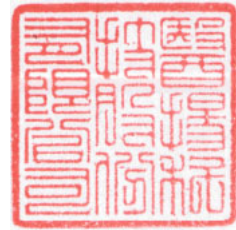
Account set 12

Unit: NT\$ thousand

- (3) Change in average employee salary expenses was calculated at (2.32%).
- (4) The Company has assembled an Audit Committee. Therefore no compensation was recognized for supervisors in 2023 and 2022.

3. The Company's salary and compensation policy is as follows:
  - (1) According to the Articles of Incorporation, the Company may authorize the board of directors to compensate directors for the services rendered based on their involvements and contributions to the Company's operations, in reference to local and foreign peer levels. The Articles of Incorporation also caps director remuneration at 3% of annual profit. Principles for payment of director remuneration:
    - A. The Company may compensate independent directors with monthly fixed payments regardless of profitability, based on individual participation and contribution to the Company's operations.
    - B. Independent directors of the Company are not entitled to director remuneration or any other form of profit-sharing besides monthly fixed compensations. For non-independent directors, the Remuneration Committee will recommend the method and amount of remuneration after considering the board's overall performance and the Company's business performance and raising the proposal for board of directors' resolution.
  - (2) Compensations for the Company's managers are determined after taking into consideration their individual duties, individual contribution, the performance of the Company for the year, and future risks. Compensation proposals are reviewed by the Remuneration Committee and forwarded to the board of directors for final resolution. Managers' compensation comprises the same components as general staff, which include: monthly salary, quarterly incentive bonus, and employee remuneration.
  - (3) The Company determines employees' salary after considering the organization's performance, industry risks and trends, as well as performance, target accomplishment, and contribution of each individual. Employees' compensation includes: monthly salary, quarterly incentive bonus determined based on organizational performance, and remuneration determined based on the Company's profit performance for the year.

Onyx Healthcare Inc.



Chairman Chuang, Yung-Shun





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