Stock Code: 4164

CHC Healthcare Group

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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CHC Healthcare Group Annual Report is available at: http://www.chcg.com

I. Name, job title, telephone number, and email of the spokesperson and acting spokesperson:

Spokesperson	Acting Spokesperson
Name: Ming-Lun Lee	Name: Yi-Chun Chen
Title: COO	Title: CFO
Tel.: (02)6619-9989	Tel.: (02)6619-9989
Email: ir@chcg.com	Email: ir@chcg.com

II. Address and telephone number of the head office, branch office, and factory

Company Address: No. 88, Xing'ai Rd., Neihu District, Taipei City

Tel.: (02)6608-1999

Factory address: None.

The Group: CHC Healthcare Group (hereinafter referred to as "the Company" or "CHC Holdings") and its invested companies, collectively referred to as "the Group," engages in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, medicines, and health supplements.

III. Name, address, website, and telephone number of the stock transfer agency:

Name: Stock Transfer Department of CTBC Bank Co., Ltd. Website: https://www.ctbcbank.com

Address: 5F, No. 83, Sec. 1, Chungching S. Road, Chungcheng District, Taipei City Tel.: (02)6636-5566

IV. The name of the certified public accountants and the name, address, website, and telephone number of the CPA firm responsible for auditing the financial report of the most recent year:

Name of CPAs: Yu-Fang Yen and Pei-Lin Tu

CPA Firm: PricewaterhouseCoopers (PwC) Taiwan Website: https://www.pwc.tw

Address:27F, No. 333, Sec. 1, Keelung Road, Xinyi District,Taipei City Tel.: (02)2729-6666

V. The name of overseas securities exchange and the securities inquiry methods:

None.

VI. The website of the Company: http://www.chcg.com

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One. Letter to Shareholders

Dear Shareholders:

Thank you for your support and guidance to the CHC Healthcare Group, which has enabled the Group to develop stably in this harsh environment. Although Taiwan was still affected by COVID-19 in 2022, thanks to the efforts of all employees, the Group maintained a gross profit margin in excess of 30% and a double-digit net profit during the 2022. The Group strongly believes that a solid economic foundation is the key to sustainable business operations, and will continue its growth streak by maintaining its upward momentum, with a view to creating the greatest benefit for shareholders and employees.

I. 2022 Operating results

(I) Business plan implementation in 2022

The 2022 consolidated operating revenue of NT$2,974,352 thousand represented a increase from the 2021 consolidated operating revenue of 2,439,564 thousand, and this increase was chiefly due to the increased sale of products such as medicines and health supplements in 2022; Net profit during the current period of 2022 of NT$388,650 thousand represented an increase from the net profit of 380,282 thousand during the current period of 2021, and this increase was chiefly due to the growth of operating revenue in 2022; the consolidated operating results for the year 2022 are as follows:

Units: NT$ thousand

Item	2022
Operating Revenue	2,974,352
Gross profit	902,314
Operating expenses	426,554
Operating profit	475,760
Profit before tax	483,835
Profit for the year	388,650

(II) State of budget execution

The Group did not disclose its 2022 financial forecast, so there is no need to disclose the state of budget execution.

(III) Analysis of the Group's revenue/expenditure and profitability

Item		2022	2021
Financial structure and solvency	Debt ratio (%)	50.10%	49.76%
	Current ratio (%)	365.41%	254.60%
Profitability	Return on total assets (%)	3.66%	3.69%
	Return on shareholders' equity (%)	6.11%	6.18%
	Profit ratio (%)	13.07%	15.59%
	Earnings per share (NT$)	NT$2.21	NT$2.43

(IV) State of R&D

The Group is not in the manufacturing business and therefore does not have a dedicated R&D department. In view of the growing attention in recent years to global environmental

protection and health and safety consciousness, and domestic relevant industries needs, this Group plans to enter the field of irradiation, and has obtained the Ministry of Science and Technology's approval to establish a plant in the Tongluo Science Park for development of irradiation business. This project is expected to begin operations in 2023.

II. Summary of 2023 Business Plan

(I) Operating strategy

1. Product development strategy

The Group has long been committed to introducing high-end medical equipment and technologies for improvement of domestic medical standards. In recent years, the Group has further engaged in precision medicine and successfully introduced proton therapy systems and MRI linear accelerators able to eliminate tumors while protecting patients' normal tissue as much as possible;

In the future, the Group will continue the robust distributorship with international medical equipment manufacturers and actively recruit new products through visits to various exhibitions, so as to enrich the product line, for which the existing sales channels will be efficiently performed to bring in further incomes for the Group, achieving a three-win situation among the Group, the patients and the hospitals.

2. Medical management service strategy

The omnibearing medical management services provided by the Group include the medical site planning, design and construction, the medical equipment installation and testing, departmental management and consulting services, medical technician training, and equipment maintenance services and subsequent upgrade services.

The key to the thorough development of medical management services in Taiwan and availability of such services overseas resides in the Group's professional technical group certified by suppliers. The timely and fine-quality technical support and resilience, as well as the innovative cooperation model, help the Group build its differentiated competitiveness and strengthen the cooperative relationship between the Group and customers/suppliers. In the future, the Group will continue to train its professional team, and also expand the medical services in depth and width to benefit the medical management business development.

3. Overseas market management

The Group adopts the business model that combines sales and medical management services in China. In addition to introducing high-end medical equipment and instruments to remedy the short supply of medical resources locally, the Group has also established a collaboration model with several large medical institutions in China to help them improve their medical management process and thereby increase their revenues. In the future, we will use the collaborative sites as exhibition points to negotiate for other projects and take the opportunities to learn more about China's policy trends and market profiles in order to provide more comprehensive and multi-faceted integrated services.

Further, in the Southeast Asian market, the Group has already assisted the first hospital affiliated to Mayapada Hospital Group in establishing radiation oncology departments and actually put it into operation for the treatment of cancer patients. In the future, we will continue to provide medical management services, aiming to help Southeast Asian countries improve medical quality and cultivate medical talents.

4. Diversified expansion

The Group actively observes external environmental changes and market trends, and has recently been developing various fields based on its main medical expertise, as well as reaching out from the B2B market into the B2C market in hope of promoting the overall health and well-being of mankind.

Motivated by the increasing emphasis on personal health among people in Taiwan, the Group has successfully entered the chain community pharmacy channel market, and will continue to increase the number of cooperating channel partners in the future, as it consolidates its existing medical channel industry chain; Motivated by international environmental, safety, and health trends and industry needs, we are crossing over into irradiation services, and have exclusively acquired Belgian IBA irradiation systems complying with the principle of sustainable use. We hope to bring Taiwan's irradiation technology to a higher level of safety, performance, and low pollution; In response to the wave of demographic aging, the Group cooperates with the Sakurajyuji Group to deploy into the long-term care market in Taiwan, with a focus on continuous care and promotion of preventive medicine, and we hope to boost to the quality and dignity of the life of elders in Taiwan through the improvement of health and deferral of dementia and disability.

(II) Expected sales volume and its basis

Main products	Growth Rate	Explanation
Radiation oncology and neuroscience related equipment sales	50%	Based on the estimated demands and growth of the market
Rental revenue	10%	Based on the current and estimated rentals
Service revenue	5%	Based on the estimated sales growth of equipment
Others	30%	Based on the estimated demands and growth of the market

(III) Key production and marketing policies

1. Full-range product lines in various medical fields

The suppliers with which the Group cooperates include a full range of major European, American, Japanese, and Korean international brands with high name recognition and market share, and the suppliers are performing continued R&D investment to develop new products, new functions, and new technologies, which will create new market demands and maintain their competitive edge. In addition, this Group's diverse range of product lines spans such areas as tumor radiation therapy, neurology, medical imaging, ophthalmology, and surgery. We are continuing to seek out competitive products, with the goal of expanding our service

scope and comprehensively meeting the needs of domestic and foreign hospitals and clinics.

2. Improved all-directional medical management services

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents the growth potential. The Group is also deepening the development of equipment collaboration to transform it into comprehensive medical management services, and has set up service locations in Taiwan, China and Indonesia. Our internal technical team provides real-time technical support from ranging from installation and maintenance services to equipment upgrading. This can also be combined with comprehensive services including departmental planning and construction, management consultation and medical technician training, which are eagerly desired by hospitals and clinics. This has not only caused customers to seek long-term cooperation, but has also given suppliers greater confidence, with the result that we have been able to broaden and strengthen our up- and downstream partnerships.

3. Continued expansion in overseas markets

Thanks to our successful experience in Taiwan, the Group has taken the initiative to enter the medical instrument and equipment markets in China and Southeast Asia, and we hope to help the two markets speed up the popularization of cancer treatment. Presently, subsidiaries have been set up in China and Indonesia. In China, the business model that combines sales and medical management service is taken to gain access to the local medical market, and introduces international medical equipment and Taiwan's professional experience in medical treatment. The Group also seizes every opportunity by keeping watching the movement of policies and market trends. In Indonesia, the Groups works with Mayapada Hospital Group, a local medical service institution, to continuously promote medical management services to other medical institutions, thus providing the more all-round and multi-faceted medical management service for the Indonesian market.

4. Extension of diversified business entities

The Group deeply believes that a company must grow to survive. Apart from pursuing stable growth in our core business areas, we look forward to expanding in multiple areas, which will continue to energize our sustainable operation. In recent years, apart from entering the chain pharmacy channel market, the Group has also established physical and online channels; the Group also plans to acquire high-tech irradiation technology, which will accelerate domestic industry's attainment of international standards; and has announced its plan to cross over into the long-term care industry, and create an all new long-term care experience for Taiwan in conjunction with strategic partners. By continuously expanding our business scope, we hope to deepen the Group's influence in relevant fields, and achieve medical equipment, technology, and service leadership in the Asia-Pacific region.

III. Future Development Strategy

(I) Short-term business development plan

1. The Group combines the two business models of sales and medical management services to promote the high-end medical instruments and equipment it distributes, which has expanded the scale of its medical instrument and equipment channels, strengthened its service technology and quality, and boosted the market share of its products.
2. The Group promotes its self-developed traditional Chinese version of the iROIS integrated radiation oncology information system, which has increased its market share in Taiwan, and is actively developing different language versions, which will enable this product to make further inroads into overseas markets.
3. The Group is continuously training its professional technical team and expanding its medical management services at home and abroad, and by providing more timely and sounder services to upgrade medical service quality, aims to become the best choice for customers interested in cooperation in medical areas, while generating long-term stable revenue for the Group.
4. The Group continuously introduces the latest medical equipment and technologies, seeks out medical products needed various medical specialties, in order to develop diversified sales business and provide more comprehensive and multi-faceted medical technologies and services.
5. The Group is relying on the integration of resources to accelerate expansion of its chain pharmacy channel, and is employing its medical industry channel experience to enhance the size and level of its physical and online pharmacy channel.

(II) Long-term business development plan

1. The Group is expanding its business operations into Asia-Pacific medical markets, integrating upstream and downstream medical resources, marketing the most complete product lines, and continuously improving its high-value-added medical technologies and services, so as to lay the foundation for its medical services leadership in the Asia-Pacific region.
2. Externally, the Group continuously introduces new competitive products to expand its service channels and increase strategic partners to achieve economic scale, and internally focuses on resource integration as a means of improving business performance and staying ahead of the rest of the industry.
3. The Group has gotten involved in the irradiation business, introduced systems from well-known international brands, and provides photon/electron irradiation services, while emphasizing safety, high performance and no residues. This is making it the first vendor in Taiwan to offer irradiation technology in line with the sustainable utilization ethos.
4. The Group is developing its long-term care business, which includes elderly fitness, daytime care, elderly-friendly residential housing, and residential institutions, with a focus on preventive medicine, continuous care, reducing the time spent by the elderly in bed, and helping seniors enjoy healthy, independent, and happy retired lives.

IV. The impact of the external competition environment, regulatory environment, and overall business environment

At present, the domestic high-end or large-scale medical equipment is still mainly imported from Europe and the United States. Despite all the distributorship contracts signed with foreign suppliers, the Group' s operations can be affected if any changes to the distributorship happen. In view of this, the Group continues great to create excellent sales performance and train the professional technical team for high-quality services so that the suppliers will rely on our performance and robust partnership will be maintained.

In terms of the regulatory environment, since medical equipment is more strictly regulated and must undergo multiple levels of review, as well as inspection and registration required by the Ministry of Health and Welfare, before it may be sold on the domestic market, the Group keeps a close eye on the changes in enactments to ensure a stable business environment..

With the advent of an aging society in Taiwan, as well as the spread of emerging diseases around the globe and the increasing medical needs from developing countries, which is fueled by growing health awareness, the medical equipment industry enjoys a sound development environment as a whole. Moreover, the Taiwanese government's policy of promoting the biotechnology industry, along with China's 14th Five-Year Plan, and the Indonesian government's implementation of a local health insurance system, coupled with people's basic need for healthcare, all ensure that the medical equipment industry is less susceptible to the impact of economic volatility and lead to a generally optimistic outlook. We therefore see the potential for further growth. As a result, in terms of the overall business environment, our attitude is very positive.

Sincerely Yours,

Chairman: Pei-Lin, Lee

Two. Company Profile

I. Date of Incorporation

Holding company: CHC Healthcare Group (CHC)

Registration date: November 27, 2009

II. Company History

1977	Establishment of Chiu Ho Instruments & Reagents Co., Ltd. (the first subsidiary in the group) by Chairman, Pei-Lin Lee, to engage in the sales business of professional medical equipment, and primarily deal with import, sales, installation and maintenance of X-ray-related equipment at the very beginning of establishment.
1983	Distributorship with Tanaka X-ray, a Japanese company, for its medical equipment for the Taiwan market.
1984	Distributorship with IMS for its X-ray equipment and medical X-ray film processor for the Taiwan market.
1985	Exclusive distributorship with Nucletron, a Dutch company, for its radiotherapy equipment for the Taiwan market, entering the field of radiation oncology equipment.
1987	Exclusive distributorship with Villa, an Italian company, for its radiological diagnostic X-ray system for the Taiwan market. Exclusive distributorship with PTW, a German company, for its radiation quality verification system for the Taiwan market.
1995	Exclusive distributorship with SMV, a French company, for its nuclear medicine imaging system for the Taiwan market, entering the field of nuclear medicine imaging equipment.
1997	Exclusive distributorship with Elekta, a Swedish company, for its tumor treatment system for the Taiwan market, and in the same year, hiring Roger, a former senior engineer of Elekta as the chief engineer to build a professional technical team.
1998	Taking the initiative to provide comprehensive medical management services, by assisting Taipei Municipal Wan Fang Hospital with setup of the radiation oncology department.
1999	Establishment of the Taichung office. Selling and installing Taiwan's first Elekta IMRT linear accelerator.
2000	Establishment of Chiu Ho Medical System Co., Ltd, responsible for the sales business of radiotherapy equipment.
2003	Establishment of the Kaohsiung office. Establishment of Chu Yan Instruments Co., Ltd., responsible for the sales business of dental products. Exclusive distributorship with Yoshida, a Japanese company, for its dental products for the Taiwan market.
2004	Exclusive distributorship with Imaging Sciences Incorporated, a US company, for its 3D dental X-ray tomography imaging system for the Taiwan market.
2006	Establishment of Chiu Ho Scientific Co. Ltd., as the exclusive distributor of Bausch & Lomb for its ophthalmic medical products for the Taiwan market, followed by the setup of the sales and technical teams dedicated to the ophthalmic products, along with the sales network covering the north, center and south of Taiwan. Establishment of Tomorrow Medical System Co., Ltd., dedicated to the sale, leasing and services of medical devices.

2007	Exclusive distributorship with Lumenis for its ophthalmic and dental laser treatment products for the Taiwan market.
2008	Exclusive distributorship with Leica Surgical Microscope for its operating microscope products for the Taiwan market.
	Exclusive distributorship with Heine, a German company, for its ophthalmic equipment for the Taiwan market.
2009	Establishment of Cheng Yeh Holdings Co., Ltd., with a capital of NT$ 100,000, followed by restructuring with other 16 subsidiaries including Chiu Ho Medical System Co., Ltd., to consolidate marketing efficacy for the Greater China market.
	CHC Healthcare Group acquired of 99.98% of the Company's equity, and became the Company's parent company.
	Exclusive distributorship with Technolas, a German company, for its excimer lasers and femtosecond laser systems for the Taiwan market.
2010	Introduction of SAP ERP system to the Group, the first local medical instrument distributor using SAP R3 system.
	Exclusive distributorship with C-RAD, a Swedish company, for the Taiwan market.
2011	Restructuring of the CHC Healthcare Group, with the Group transferring all of its equity of the Company to the Group's shareholders.
	Establishment of Guangzhou Chiuho Medical System Co., Ltd., a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	IPO in September, and listed in October as emerging stock.
	Exclusive distributorship with Carestream (Kodak) for its dental imaging system for the Taiwan market.
	Distributorship with Elekta, a Sweden company, for its radiotherapy system in five provinces of South China.
2012	Cheng Yeh Holdings Co., Ltd. renamed as CHC Healthcare Group.
	Establishment of CHC Healthcare (HK) Limited, a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	Establishment of J.AB Beauty Co., Ltd. responsible for the sales of dental products.
	Listed on the Taiwan Stock Exchange (TWSE) on October 24.
	Merger of the subsidiaries Green Medical Management Co., Ltd. and E Century Health Care Corporation, with the latter as the surviving company.
	Merger of the subsidiaries Chiu Ho Instruments & Reagents Co., Ltd., St. Chien Ho Instruments Co., Ltd. and Hua Lin Instruments Co., Ltd., with the last one as the surviving company.
	Exclusive distributorship with Swissray, a Swiss company, for its digital X-ray imaging system for the Greater China market.
	Exclusive distributorship with Yoshida, a Japanese company, for its dental products for the Greater China market.
	Exclusive distributorship with IBA, a Belgian company, for its proton therapy systems for the Taiwan market.
2013	Merger of the subsidiaries Fong-Lin Medical System Co., Ltd. and Tong-Lin Instrument Co., Ltd., with the latter as the surviving company.
	Merger of the subsidiaries Tung Ying Biotech Co., Ltd. and E Century Health Care Corporation, with the latter as the surviving company.

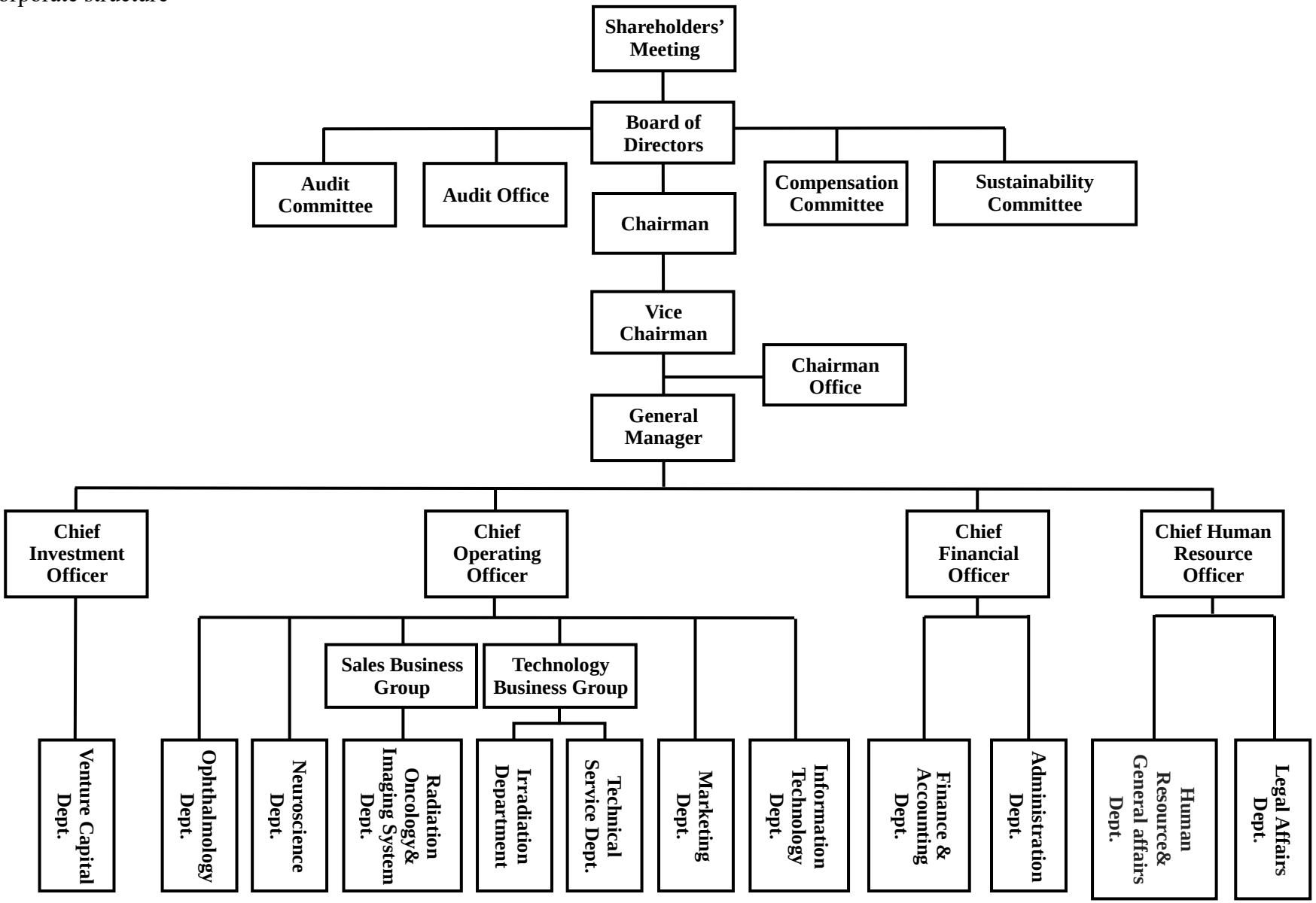
	Establishment of Chiu Ho (CHINA) Medical Technology Co., Ltd., a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	Merger of the subsidiaries Chiu Ho Medical System Co., Ltd. and Chu Yan Instruments Co., Ltd., with the former as the surviving company.
	Exclusive distributorship with Croma Gesellschaft m.b.H., an Austrian company, for its artificial intraocular lenses and vitreous for the Taiwan market.
	Exclusive distributorship with Ellex, an Australian company, for its ophthalmic laser products for the Taiwan market.
	Distributorship with GE, a US company, for the diagnostic imaging and molecular medical systems.
2014	Activation of the comprehensive medical management services in China.
	Exclusive distributorship with Novadaq, a Canadian company, for the intraoperative image-guided system for the Greater China market.
2015	Acquisition of 100% equity of Shih-Lu Co., Ltd. by the subsidiary Medlink Healthcare Limited for the business needs to expand medical channels.
	Board resolution on split-off and assignment of the subsidiaries Shih-Lu Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. in response to internal restructuring and management needs.
2016	Sales agreement signed between the subsidiary Chiu Ho Medical System Co., Ltd. and Changhua Christian Hospital for proton therapy systems, which will be of great benefit to facilitate the subsidiary's business expansion.
	Board resolution to dissolve the subsidiary Shih-Lu Co., Ltd. for the Group's investment restructuring and resource integration.
	Exclusive distributorship with PhysIOL, a Belgian company, for its artificial intraocular lens for the Taiwan market.
2017	Cooperation agreement signed between the subsidiary Tomorrow Medical System Co., Ltd., Taipei Medical University and Taipei Medical University Hospital for the proton therapy systems and related technical services, which will be of great benefit to facilitate the subsidiary's business expansion.
	Liquidation of Shih-Lu Co., Ltd. completed in response to the Group's business planning to reduce the number of controlled companies.
	Co-host "International Elderly Care Industry Leaders Forum" with Institute for Biotechnology and Medicine Industry.
2018	Board resolution to dissolve the subsidiary J.AB Beauty Co., Ltd. in response to the Group's business planning to reduce the number of controlled companies.
	Establishment of Neusoft CHC Medical Service Co., Ltd. for the development in the China market, increasing the number of controlled companies.
	Establishment of SenCare Healthcare Company for the expansion into the elderly care business, increasing the number of controlled companies.
	First certification of ISO 9001 Quality Management System and OHSAS 18001 Occupational Health and Safety Management System.
	Exclusive distributorship with Crownjun, a Japanese company, for its surgical sutures and instruments for the Taiwan Market.
	Exclusive distributorship with Sony, a Japanese company, for its integrated medical imaging equipment for the Taiwan market.

	Exclusive distributorship with CAScination, a Swiss company, for its stereotactic navigation system for the Taiwan market.
2019	Merger of the subsidiaries Chiu Ho Scientific Co., Ltd. and Ho-Shin Instruments Co., Ltd., with the former as the surviving company.
	Establishment of PT. CHC MEDIKA INDONESIA for the development in the Indonesian market, increasing the number of controlled companies.
	Activation of the comprehensive medical management services in Indonesia.
	Establishment of CHC Long-Term Care Corporation to engage in long-term care service institutions, increasing the number of controlled companies.
	Exclusive distributorship with Cyberdyne, a Japanese company, for its full range of HAL® mechanical exoskeleton products in the Taiwan market.
	Exclusive distributorship with Hillrom, a US company, for its operating room products and Welch Allyn product line for the Taiwan market.
	Exclusive distributorship with Albomed, a German company, for its artificial vitreous for the Taiwan market.
2020	The proposal of the subsidiary Shin-Ho Instruments Co., Ltd. for the development of irradiation business in Tongluo Science Park was reviewed and approved at a review conference held by the Science Park of the Ministry of Science and Technology.
	Exclusive distributorship with Advantech, a Taiwanese company, for its medical surgery-related products for the Taiwan market.
2021	First certification of ISO 45001 Occupational Health and Safety Management System.
	Merger of the subsidiaries Chiu Ho Medical System Co., Ltd. and Medlink Healthcare Limited, with the former as the surviving company.
	Acquired 51% equity of Treasure of Health Co., Ltd. in order to expand operations.
	Exclusive distributorship with Vuno, a Korean company, for its artificial intelligence (AI) medical solutions in the Taiwan market.
2022	Establishment of CHC HEALTHCARE (UK) LIMITED in response to business development needs, increasing the number of controlled companies.
2023	The subsidiary SenCare Healthcare Company acquired 51% equity of Cin-An Co., Ltd. and 50.7% of shares of Xing-An Long-Term Care Corporation in order to expand elderly care operations.
	Establishment of Exotic Pet Care Experts Co., Ltd. in order to develop veterinary care business, increasing the number of controlled companies.
	The subsidiary Chiu Ho Scientific Co., Ltd. acquired domestic medical equipment manufacturer quality management system (QMS) certification.

Three. Corporate Governance Report

I. Organization

(I) Corporate structure



(II) Department operations

The CHC Healthcare Group engages in joint operations with over 20 domestic and foreign subsidiaries. The Company is responsible for planning and supporting logistics resources for all subsidiaries in the Group, and resource integration and sharing via the Group's resource platform has boosted management performance; the Company is responsible for the unitary management and supervision of the Group's subsidiaries, which has enhanced the Group's business performance. The Holding company is also responsible for the external capital market, investor relations and relevant financing matters.

Department	Main Functions
Audit Office	Planning, implementation and revision of internal control system. Formulation and implementation of annual audit plan. Formulation and implementation of unit self-inspection plan. Other matters that are enforced in accordance with the law.
Chairman Office	Establish and maintain relations with investors and legal persons, visitor reception, and news event handling and tracking.
Legal Affairs Dept.	Reviewing contracts, providing legal advice, handling legal proceedings, and compliance.
HR & General Affairs Dept.	Planning and execution of human resources, recruitment, and training. General affairs. Domestic procurement projects and purchase of important parts and consumables, and bargaining.
Administration Dept.	Administrative supports. Overseas procurement projects and purchase of important parts and consumables, and bargaining. Apply to the Ministry of Health and Welfare for GMP and product licenses of foreign medical equipment suppliers to ensure that the products are imported and installed in compliance with relevant domestic regulations.
Finance & Accounting Dept.	Planning and execution of corporate financial management and funding. Accounting work. Tax work. Planning and consolidation of annual budget. Planning and execution of investment work. Customer credit checking and credit risk management. Planning of shareholders' equity.
Information Technology Dept.	Planning and construction of the overall information system framework throughout the Company, secured control over data safety, supervision and review on procedures, and continued improvement of software/hardware of the Company's information system.
Marketing Dept.	Responsible for product marketing advertisements, circulation of product catalog and support of sales units' marketing activities.
Technical Service Dept.	Helping customers with equipment setup and training. Inspection and maintenance of equipment.
Irradiation Department	Provides photon/electron irradiation, including: Sterilization service for medical equipment, foods, and other consumer goods; testing needs for aviation and low-orbit satellite industries.
Radiation Oncology & Imaging System Dept.	Business promotion, development of market, sale of product, and customer service.
Neuroscience Dept.	Business promotion, development of market, sale of product, and customer service. Helping customers with equipment setup and training. Inspection and maintenance of equipment.
Ophthalmology Dept.	Business promotion, development of market, sale of product, and customer service. Helping customers with equipment setup and training. Inspection and maintenance of equipment.
Venture Capital Dept.	Overseas/domestic business development.

II. Directors, Supervisors and Management Team

(I) Directors and supervisors

April 14, 2023 Unit: Share

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	British Virgin Islands	Princeton Healthcare Limited	-	2020. 06.12	3 years	2012. 01.06	28,257,983	19.95%	28,257,983	17.15%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Representative of a Juristic Person Director / Chairman	ROC	Representative of Princeton Healthcare Limited: Pei-Lin, Lee	M 71~80 years	2020. 06.12	3 years	2009. 11.25 (note 2)	5,682,151	4.01%	6,285,151	3.81%	3,863,808	2.35%	28,257,983 (note 3)	17.15%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman/Director/Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, CHIEN-LIN Limited Chairman of S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Chen Lin Charity Foundation Representative of juristic-person Chairman, Soar medical tech Co., Ltd.	Vice Chairman	Tien-Ying, Lee	Father and Son	(Note 4)
Vice Chairman	ROC	Tien-Ying, Lee	M 41~50 years	2020. 06.12	3 years	2009. 11.25	9,017,985	6.37%	9,413,985	5.71%	31,000	0.02%	0	0	School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Resident, Department of Medicine, Mackay Memorial Hospital Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital	Chairman/Director/Representative of juristic-person Supervisor of subsidiaries of CHC Healthcare Group Director, CHC Healthcare Group Chairman, SMTH AG Chairman, Swissray Medical AG Chairman, Swissray International Inc. Supervisor, AESolution Biomedical Co., Ltd. Representative of Juristic-person Chairman/General Manager, Swissray Asia Healthcare Co., Ltd. Director and chief operating officer, S&S Healthcare Holding Ltd. Superintendent, YeeZen General Hospital	Chairman	Pei-Lin Lee	Father and Son	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Representative of juristic-person Chairman, Shin Shin Healthcare Co., Ltd. Director and Chief Executive Officer, Chen Lin Charity Foundation Representative of juristic-person director, Soar medical tech Co., Ltd. Representative of juristic-person director, Renax Biomedical Technology Co., Ltd. Representative of juristic-person director, Jin-Biotechnology Co., Ltd.				
Director	ROC	Chun-Shung, Huang	M 81~90 years	2020. 06.12	3 years	2012 01.06	0	0	0	0	0	0	0	0	School of Medicine, Kaohsiung Medical University (originally known as Kaohsiung Medical College) A Pass on Exams for Doctors Held by Ministry of Examination Specialist, Department of Orthopaedics President, Childhood Burn Foundation of The Republic of China President, Hospice Foundation of Taiwan Director, Taiwan Medical Center Association Director, Taiwan Orthopaedic Association Superintendent, Mackay Memorial Hospital President, Mackay Memorial Hospital Superintendent, Jen Ching Memorial Hospital	Director, Kimma Foundation Honorary Physician and Consultant, Mackay Memorial Hospital Attending Physician, Department of Orthopaedics, Changhua Christian Hospital Head Consultant / Physician, Department of Orthopaedics, YeeZen General Hospital	N/A	N/A	N/A	
Juristic-person director	ROC	Yen-Hsin Investment Ltd.	-	2020. 06.12	3 years	2014. 06.17	177,262	0.13%	177,262	0.11%	0	0	0	0	N/A	Director, Sunengine Co., Ltd./Feng-Shin Venture Capital Co., Ltd.	N/A	N/A	N/A	
Representative of a Juristic Person Director	ROC	Representative of Yen-Hsin Investment Ltd.: Yung-Shun, Chuang	M 71~80 years	2020. 06.12	3 years	2014. 06.17	423,108	0.30%	423,108	0.26%	0	0	0	0	EMBA, National Taiwan University President, AAEON Technology Inc.	Representative of juristic-person director and Chairman, AAEON Technology Inc., Onyx Healthcare Inc., Yan-You Investment Inc., AAEON Technology (Su Zhou) Inc., Onyx Healthcare (Shanghai) Inc. Chairman, Yen-Hsin Investment Ltd./Fu-Li Investment Inc./Everfocus Electronics Corp.	N/A	N/A	N/A	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Independent director, Top Union Electronics Corp., Taiflex Scientific Co., Ltd. Director, AAEON Foundation, Litemax Electronics Inc., King Core Electronics Inc., ATECH OEM INC., Allied Biotech Corp., ONYX Healthcare USA, Inc., ONYX Healthcare Europe B.V., AAEON Electronics Inc., AAEON TECHNOLOGY (Europe) B.V., AAEON TECHNOLOGY GMBH, Litemax Technology Inc., Mcfees Group Inc., AAEON TECHNOLOGY SINGAPORE PTE LTD., Qiye Electron (Dongguan) Ltd., Danyang Qiye Technology Co., Ltd., MACHVISION Inc., MACHVISION (Dongguan) Inc. Co., Ltd., Taiyong Electron (Suzhou) Corp., Allied Oriental International Ltd. Representative of juristic-person director, XAC Automation Corp., New Future Capital Co., Ltd., iHELPER Inc., Sunengine Corporation Ltd., Winmate Communication Inc., Ibase Technology Inc.				
Independent Director	ROC	Kuei-Tuan, Chen	M 71~80 years	2020. 06.12	3 years	2012. 01.06	0	0	0	0	0	0	0	0	PhD in Economic Law, Graduate School, China University of Political Science and Law Master, Graduate Institute of Public Finance, National Chengchi University CPA License holder Chair, Department of Accounting, Feng Chia University Chair, Corporate Governance Research Center Legislative assistant, Budget Center, Legislative Yuan, Republic of China (Taiwan) Standing Directors, Taiwan CPA Association	Adjunct Professor, Department of Accounting, Feng Chia University CPA, EnWise CPAs & Co. Arbitrator, Chinese Arbitration Association Director, Swancor Holding Co., Ltd. Independent Director, Lee Chi Enterprises Co., Ltd. Independent, Chumpower Machinery Corporation	N/A	N/A	N/A	
Independent Director	ROC	Chang-Jian, Ho	M 71~80 years	2020. 06.12	3 years	2012. 01.06	0	0	0	0	0	0	0	0	School of Chinese Medicine, China Medical University (originally known as China Medical College) A Pass on Exams for Doctors Held by Ministry of Examination	Special Physician, Heping Fuyou Branch, Taipei City Hospital	N/A	N/A	N/A	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Certification specialist, department of radiology Certification specialist, department of geriatrics and gerontology Resident / Chief Resident / Attending Physician / Director, Department of Radiology, Heping Fuyou Branch, Taipei City Hospital (originally known as Taipei Municipal Hoping Hospital) Adjunct Director, Engineering Affairs Office, Heping Fuyou Branch, Taipei City Hospital (originally known as Taipei Municipal Hoping Hospital Adjunct Attending Physician, Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital					
Independent Director	ROC	Geng-Wang, Liaw	M 41~50 years	2020. 06.12	3 years	2014. 06.17	0	0	0	0	0	0	0	0	Master, Department of Health Services Administration, China MedicalUniversity School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Certification specialist, department of emergency medicine Resident / Attending Physician, Department of Emergency Medicine, China Medical University Hospital	Vice Superintendent, YeeZen General Hospital	N/A	N/A	N/A	

Note 1: The date of appointment of the directors and supervisors as of the date of the annual report; the current directors were elected and appointed on June 12, 2020, the same date as shares held at the time of appointment.

Note 2: The date Pei-Lin Lee as a natural person was first elected as the director and chairman of the Company.

Note 3: As Chairman Pei-Lin Lee held more than 50% of Princeton Healthcare Limited, the shares of the Company held by Princeton Healthcare Limited were listed as shares held by Chairman Pei-Lin Lee in the name of others.

Note 4: If the Chairman of the Company and the General Manager or equivalent (top manager) are the same person, spouse or relatives of one degree of kinship, explain the reasons, rationality, necessity and corresponding measures (e.g. increasing the number of independent directors, and there should be more than half of the directors who are not employees or managers, etc.): the current General Manager and Chairman of the Company are the same person, because no qualified professional manager can hold the position after the former General Manager leaves office. In order not to affect the normal operation of the Company, the post of general manager is concurrently held by the Chairman who has been working in the medical industry for more than 40 years. Because the Company is in a special industry, with a relatively high barrier to entry, and requires professional knowledge of the medical industry and possession of relevant personal connections and knowledge of international markets, the Company is still actively searching for candidates, and is also implementing training plans for high-level internal personnel. We hope to locate a suitable general manager before the end of this year.

1. Directors & supervisors who are representatives of juristic-person shareholders

(1) Major shareholders of the institutional shareholders

April 14, 2023

Name of Institutional Shareholder	Major Shareholders
Princeton Healthcare Limited	Pei-Lin Lee (75.2%), Su-Ching Chen (17.3%), Tien-Ying, Lee (6.4%), Tzu-Lan, Tung (1.1%)
Yen-Hsin Investment Ltd.	Yung-Shun Chuang (99.9%), Fu-Giun Chuang(0.04%), Fu-Jie Chuang (0.04%), Hui-Mei Huang (0.02%)

(2) Major shareholders of the Company's major institutional shareholders

N/A

2. State of professional knowledge of directors and supervisors, Board diversity policy and independence

(1) Disclosure of professional qualifications of directors and supervisors and independence information concerning independent directors

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies at which the individual is concurrently serving as an independent director
Juristic representative, Princeton Healthcare Limited Chairman: Pei-Lin Lee	Experience as leader of TWSE/TPEx listed company, senior leader in the biotechnology medical industry; currently chairman of this company, its subsidiaries, and second-tier subsidiaries. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Father-son relationship with Vice Chairman Tien-Ying Lee.	0
Vice Chairman: Tien-Ying, Lee	Passed national physician's examination, possesses leadership experience in the biotech medical industry, currently director of Yee Zen General Hospital. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Father-son relationship with Chairman Pei-Lin Lee.	0
Director: Chun-Shung Huang	Passed national physician's examination, former director of Mackay Memorial Hospital, possesses senior leadership experience at hospitals and clinics, currently general consultant and orthopedic physician at Yee Zen General Hospital. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Uniformly in compliance with legal requirements	0
Yen-Hsin Investment Ltd., legal representative Director: Yung-Shun Chuang	Experience as leader of TWSE/TPEx listed company, possesses information technology industry senior leadership experience, currently chairman of AAEON Technology Inc. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Uniformly in compliance with legal requirements	2
Independent director: Kuei-Tuan Chen	Holds a CPA license, CPA at En Wise CPAs & Co., is concurrently a university lecturer, possesses senior professional experience in accounting, is the convener of this Company's audit committee. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	2
Independent director: Chang-Jian Ho	Passed national physician's examination, senior professional experience at hospitals and clinics, currently Special Physician, Heping Fuyou Branch, Taipei City Hospital. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies at which the individual is concurrently serving as an independent director
Independent director: Geng-Wang Liaw	Passed national physician's examination, senior professional experience at hospitals and clinics, currently deputy director of main branch of Yee Zen General Hospital, convener of the Company's salary compensation committee and corporate sustainability committee. Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0

(2) Diversity and independence of Board of Directors

①Diversity of the Board of Directors (clearly specify the Board diversity policy, objectives, and state of attainment. Diversity policy shall include but not limited to the standards for selection of directors, the professional qualifications and experience that should be possessed by directors, and the Board of Director's gender, age, nationality, and cultural composition or ratios; specify the Company's specific objectives and their state of attainment for the foregoing policy):

The "Corporate Governance Best Practice Principles" drafted by the Company has been passed by a resolution of the Board of Directors, and its content includes a plan for the diversification of Board composition and implementation. The Company's Board consists of 7 members, of which 3 are independent directors. Because the Company's industry chiefly consists of medical-related areas, 5 directors have a background in medicine; in addition, one director has a background in financial accounting and one director has a background in medical information software. This composition is consistent with the Company's operating and development needs and the effectiveness of its functional committees. The Company emphasizes gender equality in the composition of Board members. However, due to the difficulty of finding female directors from medical industry fields to join the Board, the Company has made this a goal, and is striving to include female directors meeting the needs of the Company and the required specializations. It is expected that to reach this goal, one female director will be added to the 7th Board of Directors. The Company drafted succession plans for the Board of Directors and important management-level personnel in 2021, and reported the state of plan operation in 2022 to the Board of Directors on November 2, 2022. Please refer to page 41 concerning the state of diversification of the Board of Directors.

②Independence of the Board of Directors (clearly state the number and ratio of independent directors, explain how the Board of Directors possesses independence, and attach an explanation concerning the reasons for compliance or lack of compliance with the requirements of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act; include a statement concerning whether any spousal or familial relationships within the second degree of kinship exist between directors, supervisors, or directors and supervisors):

The Company's Board of Directors consists of 7 directors, who include 3 independent directors; apart from the familial relationships within the first degree of kinship between Chairman Pei-Lin Lee and Vice Chairman Tien-Ying Lee, no spousal or familial relationships within the second degree of kinship exist between the remaining 5 directors; the Company's Board of Directors possesses independence in compliance with relevant laws and regulations; please refer to the explanation in the table above.

(II) General manager, vice presidents, assistant vice presidents, and managers of departments and branches:

April 14, 2023 Unit:Share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Pei-Lin Lee	M	2018.07.31	6,285,151	3.81%	3,863,808	2.35%	28,257,983	17.15%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman/Director/Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, CHIEN-LIN Limited Chairman of S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Cheng Lin Charitable Foundation Chairman, Chen Lin Charity Foundation Representative of juristic-person Chairman, Soar medical tech Co., Ltd.	N/A	N/A	N/A	
Chief Executive Officer, Oncology Business Group	ROC	Yee-Min Jen	M	2014.05.16	59,000	0.04%	0	0	0	0	M76, School of Medicine, National Defense Medical Center PhD in Oncology, University of Manchester Specialist in Radiation Oncology Specialist, Taiwan Academy of Hospice Palliative Medicine Resident / Chief Resident / Physician / Division Chief-Radiation Physics / Division Chief-Radiation Therapy / Director; Department of Radiation Oncology, Tri-Service General Hospital Associate Professor / Professor; Radiation Oncology Discipline, National Defense Medical Center Member of Cancer Committee and Director of Group for Quality Management , Tri-Service General Hospital Director, OSCE, Tri-Service General Hospital Associate Chair, School of Medicine, National Defense Medical Center Department of Health and welfare Cancer Quality Certification Survey Committee Director, Taiwan Society for Therapeutic Radiology and Oncology	Attending Physician, Dept. of Radiation Oncology/Vice Superintendent, YeeZen General Hospital Adjunct physician, Tri Service General Hospital	N/A	N/A	N/A	
COO	ROC	Ming-Lun Lee	M	2011.01.01	110,750	0.07%	0	0	0	0	Department of Mechanical Engineering, National Taipei University of Technology	Chairman and representative of juristic-person director of subsidiary of the Company Director, AESolution Biomedical Co., Ltd. Supervisor, Cheng-Hsin Biotechnology Co., Ltd.	N/A	N/A	N/A	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CFO and Corporate Governance Officer	ROC	Yi-Chun Chen	F	2011.02.01	35,000	0.02%	0	0	0	0	Department of Accounting, Fu Jen Catholic University Assistant Vice President, PricewaterhouseCoopers (PwC) Taiwan	Chairman, representatives of juristic-person directors, representatives of juristic-person supervisors, and supervisors of the Company's subsidiaries Director, AESolution Biomedical Co., Ltd. Director, Chen Lin Charity Foundation	N/A	N/A	N/A	

Note 1: The reason, reasonableness, necessity, and response measures (such as increasing the number of independent directors, and requiring the appointment of more than half of the Directors from individuals who are not employees or managers), as well as other related information shall be explained when the same person, spouses, or first-degree relatives serve as chairperson and general manager or its equivalent rank (top manager): The Company’s Chairman is also currently the General Manager. The main reason being that a suitable professional manager to fill the position of General Manager could not be found after the resignation of the previous General Manager, and to avoid impact on the Company's normal operations, the Chairman, who has over 40 years of experience in the medical industry, is concurrently filling this position on a temporary basis. Because the Company is in a special industry, with a relatively high barrier to entry, and requires professional knowledge of the medical industry and possession of relevant personal connections and knowledge of international markets, the Company is still actively searching for candidates, and is also implementing training plans for high-level internal personnel. We hope to locate a suitable general manager before the end of this year.

III. Remuneration of directors, supervisors, General Manager, and Vice President in the most recent year

(I) Remuneration of directors and independent directors in 2022

Units: NT$ thousand; 1,000 shares; %

Title	Name	Remuneration of Director								Total remuneration (A+B+C+D) and ratio of net income after tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total compensation (A+B+C+D+E+F+G) and ratio to net income after tax (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Princeton Healthcare Limited	0	0	0	0	800	800	0	0	800 0.22%	800 0.22%	0	0	0	0	0	0	0	0	800 0.22%	800 0.22%	N/A
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	0	0	0	0	0	0	32	32	32 0.00%	32 0.00%	10,208	10,208	0	0	0	0	0	0	10,240 2.87%	10,240 2.87%	N/A
Vice Chairman	Tien-Ying Lee	0	0	0	0	800	800	40	40	840 0.24%	840 0.24%	8,667	8,667	0	0	0	0	0	0	9,507 2.66%	9,507 2.66%	N/A
Director	Chun-Shung Huang	0	0	0	0	800	800	40	40	840 0.24%	840 0.24%	0	0	0	0	0	0	0	0	840 0.24%	840 0.24%	N/A
Director	Yen-Hsin Investment Ltd.	0	0	0	0	800	800	0	0	800 0.22%	800 0.22%	0	0	0	0	0	0	0	0	800 0.22%	800 0.22%	N/A
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0	0	0	40	40	40 0.01%	40 0.01%	0	0	0	0	0	0	0	0	40 0.01%	40 0.01%	N/A
Independent director	Kuei-Tuan Chen	0	0	0	0	800	800	148	148	948 0.27%	948 0.27%	0	0	0	0	0	0	0	0	948 0.27%	948 0.27%	N/A
Independent director	Chang-Jian Ho	0	0	0	0	800	800	148	148	948 0.27%	948 0.27%	0	0	0	0	0	0	0	0	948 0.27%	948 0.27%	N/A
Independent director	Geng-Wang Liaw	0	0	0	0	800	800	148	148	948 0.27%	948 0.27%	0	0	0	0	0	0	0	0	948 0.27%	948 0.27%	N/A

1. Please state the payment policy, system, standards and structure of the independent directors 'remuneration, and describe the relevance to the amount of remuneration paid according to the responsibilities, risks, time invested and other factors: the Company has purchased liability insurance for all independent directors, and has given a fixed amount of remuneration according to the actual participation of each independent director in the functional committees and the Board of Directors; Each year, the total remuneration of directors will be reported to the Shareholders' Meeting based on the actual operating results of the Company, and then determine the benchmark for the remuneration of individual directors based on the results of the internal self-evaluation of the Board of Directors, the individual self-evaluation of directors, the performance evaluation made by appointed external professional institutions or by other appropriate methods.
2. Except as disclosed in the above table, remuneration in the most recent year received by the directors of the companies for their services (such as non-employee consultation for parent company, all companies in financial report, or other investees): N/A

Remuneration Grading Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Less than 1,000,000 (TWD, same below)	Princeton Healthcare Limited, Pei-Lin Lee, Yen-Hsin Investment Ltd., Yung-Shun Chuang, Tien-Ying Lee, Chun-Shung Huang, Kuei-Tuan Chen, Chang-Jian Ho, Geng-Wang Liaw	Same as on the left	Princeton Healthcare Limited, Yen-Hsin Investment Ltd., Yung-Shun Chuang, Chun-Shung Huang, Kuei-Tuan Chen, Chang-Jian Ho, Geng-Wang Liaw	Same as on the left
1,000,000 (incl)~2,000,000 (excl)	-	-	-	-
2,000,000 (incl)~3,500,000 (excl)			-	-
3,500,000 (incl)~5,000,000 (excl)			-	-
5,000,000 (incl)~10,000,000 (excl)	-	-	Tien-Ying Lee	Same as on the left
10,000,000 (incl)~15,000,000 (excl)	-	-	Pei-Lin Lee	Same as on the left
15,000,000 (incl)~30,000,000 (excl)	-	-	-	-
30,000,000 (incl)~50,000,000 (excl)	-	-	-	-
50,000,000 (incl)~100,000,000 (excl)	-	-	-	-
More than 100,000,000	-	-	-	-
Total	9 person(s)	Same as on the left	9 person(s)	Same as on the left

(II) Remuneration of General Manager and Vice Presidents in 2022

Unit: NT$ thousands; thousand shares; %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total remuneration (A+B+C+D) and ratio to net income after tax (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Pei-Lin Lee	27,048	27,048	0	0	0	0	53	0	53	0	27,101 7.60%	27,101 7.60%	N/A
CEO, Oncology Business Group	Yee-Min Jen													
COO	Ming-Lun Lee													
CFO and Corporate Governance Officer	Yi-Chun Chen													

Remuneration Grading Table

Gradation of remunerations paid to the Company's GM and Deputy GMs	Name	
	The Company	All the companies in the financial report (E)
Less than 1,000,000 (TWD, same below)	-	-
1,000,000 (incl.)~2,000,000 (excl.)	-	-
2,000,000 (incl.)~3,500,000 (excl.)	-	-
3,500,000 (incl.)~5,000,000 (excl.)	Yi-Chun Chen	Same as on the left
5,000,000 (incl.)~10,000,000 (excl.)	Yee-Min Jen, Ming-Lun Lee	Same as on the left
10,000,000 (incl.)~15,000,000 (excl.)	Pei-Lin, Lee	Same as on the left
15,000,000 (incl.)~30,000,000 (excl.)	-	-
30,000,000 (incl.)~50,000,000 (excl.)	-	-
50,000,000 (incl.)~100,000,000 (excl.)	-	-
More than 100,000,000	-	-
Total	4 persons	Same as on the left

(III)Remunerations of managers, 2022

December 31, 2022 Unit: NT$ thousands; %

	Title	Name	Stock amount	Cash amount	Total	Ratio of the total to after-tax net profit (%)
Manager	General Manager	Pei-Lin Lee	0	53	53	0.01
	CEO, Oncology Business Group	Yee-Min Jen				
	COO	Ming-Lun Lee				
	CFO and Corporate Governance Officer	Yi-Chun Chen				

(IV) Analysis of the ratio of the total remunerations paid to the directors, supervisors, General Manager and Vice President by the Company and all the companies in the consolidated statements for the last two years to the after-tax net profit of the individuals or individual financial reports, and descriptions on the remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with the operating performance and future risks.

1. Analysis of the ratio of the total remunerations paid to the directors, supervisors, General Manager and Vice President s by the Company and all the companies in the consolidated statements for the last two years to the after-tax net profit of the individuals or individual financial reports

Year / Category	2021		2022	
	CHC	Consolidated	CHC	Consolidated
Ratio of total director remunerations to after-tax net profit	6.48%	6.48%	7.03%	7.03%
Ratio of total supervisor remunerations to after-tax net profit	0.00%	0.00%	0.00%	0.00%
Ratio of total General Manager and Vice President remunerations to after - tax net profit	8.94%	8.94%	7.60%	7.60%

1. Directors' remuneration: Allocated in accordance with the Articles of Incorporation and in reference to the Board of Directors' performance assessment results. The ratio of remuneration was the equivalent to the ratio in 2021.
2. Supervisor remunerations: It is not applicable because the function and power of the supervisor is replaced by the Audit Committee established after the 2017 election of director.
3. Remuneration of General Manager and Vice Presidents: Compared with 2021, the amounts and ratios of remuneration decreased due to the reduction in the number of managers in 2022.

2. Remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with operating performance and future risks.

(1) Remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with operating performance:

According to the first paragraph of Article 24.1 of the Corporate Charter, an amount of no more than 5% from the balance, if any, as result of the yearly profit (i.e. pre-tax profit minus remunerations to employees and directors) minus accumulated loss, should be allocated as director remunerations. The manager's annual and long-term performance goals and the policies, systems, standards and structures for compensation and remuneration are based on the company's " Manager performance evaluation and remuneration standard" and " Performance Evaluation Guidelines", which considered comprehensive aspects such as professional ability and positions held, and are highly linked to financial and non-financial performance goals as follows: 1. Financial indicators:

revenue and profit based on the company's management profit and loss statement and the achievement rate of actual goals; 2. Non-Financial indicators: including team leadership and management ability, resource management, work performance, sense of responsibility, negotiation and decision-making, working time management, morality, statements and actions, a total of seven indicators. After the weighted evaluation score is calculated, Chairman evaluates his managerial officers' business performance to use as the basis for remuneration payment. Relevant performance evaluation and remuneration reasonableness shall be reviewed by the Compensation Committee and the Board, while the remuneration system will be discussed and adapted from time to time based on the actual operational conditions and related laws and regulations, in order to balance the Company's sustainable operations and risk control.

(2) Future risks:

The Company has been stably running in the industry for over 40 years, with little changes of the directors, supervisors and business team. Also, The Company purchases liability insurance for its employees based on its business scope and legal requirement, so as to alleviate unknown risks.

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of 5 (A) meetings of the Board of Directors were held in the previous period (2022). The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) 【B/A】	Remark
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	4	1	80%	
Vice Chairman	Tien-Ying Lee	5	0	100%	
Director	Chun-Shung Huang	5	0	100%	
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	5	0	100%	
Independent director	Kuei-Tuan Chen	5	0	100%	
Independent director	Chang-Jian Ho	5	0	100%	
Independent director	Geng-Wang Liaw	5	0	100%	

Other matters documented:

I. If a Board meeting has one of the following incidents, the date, term, and agenda of the meeting as well as the comments from independent directors and handling of the comments should be explicitly stated:

(I) Matters listed in Article 14.3 of the Securities and Exchange Act

Date	Term	Agenda	Comments from independent directors	Handling of the comments
March 23, 2022	10th meeting of the 6th Board	1. The Company's proposed private placement of common shares.	Concurrence.	Approved as proposed.
		2. The Company's proposal of loans to affiliates.		
		3. The Company's proposal of endorsements and guarantees for affiliates.		
		4. Proposed revision of the Company's Articles of Incorporation.		
		5. Proposal of the amendment to the Company's "Procedures Governing the Acquisition or Disposal of Assets".		
		6. Proposed partial revision of the content of "General Principles of Internal Audits" concerning the Company's internal control system.		

		7. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2022. 8. Review and adjustment of remuneration of the Company's Vice Chairman.		
May 4, 2022	11th meeting of the 6th Board	1. The Company's proposal of loans to affiliates. 2. The Company's proposal of endorsements and guarantees for affiliates. 3. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2022.	Concurrence.	Approved as proposed.
August 2, 2022	12th meeting of the 6th Board	1. The Company's proposal of loans to affiliates. 2. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q3 2022. 3. Proposed partial revision of the content of "Purchasing and Payment Cycle" concerning the Company's internal control system.	Concurrence.	Approved as proposed.
September 19, 2022	13th meeting of the 6th Board	The Company's proposal of endorsements and guarantees for affiliates.	Concurrence.	Approved as proposed.
November 2, 2022	14th meeting of the 6th Board	1. The Company's proposal of loans to affiliates. 2. The Company's proposal of endorsements and guarantees for affiliates. 3. Proposed provision of remuneration to directors and employees for 2022. 4. The Company's independent auditor independence evaluation for 2022. 5. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q4 2022.	Concurrence.	Approved as proposed.

(II) Except for the above incidents, any objections or qualified opinions from independent directors that are officially documented or in written statement as the meeting resolution: N/A

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Name	Agenda	Reason for avoidance	Voting participation
March 23, 2022	Tien-Ying, Lee	Review and adjustment on remuneration to the Company's Vice Chairman	Is a concerned party	Did not participate in voting

III. The TWSE/TPEx listed company shall disclose the appraisal cycle and period, scope of appraisal, method and contents of appraisal about the Board of Directors' self (or peer) performance appraisal.

Status of appraisal on the Board of Director:

Appraisal Period	Appraisal Cycle	Appraisal Scope	Appraisal Method	Appraisal Contents
Once per Year	January 1, 2022-December 31, 2022	Board of Directors	Self-evaluation of the Board of Directors	Degree of engagement in the Company's operation, quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.

Once per Year	January 1, 2022-December 31, 2022	Individual Board Member	Self-evaluation of Board Member	Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.
Once per Year	January 1, 2022-December 31, 2022	Functional committees	Self-evaluation of Board Member	Degree of engagement in the Company's operation, awareness toward functional committees' responsibilities and duties, quality of the functional committees' decision making, formation of the functional committees and election of members, and internal control.

IV. The goal of enhancing the Board functions (e.g. setup of Audit Committee, improvement of information transparency) and its implementation of the current year and the most recent year.

(I) Enhancing the Board functions

The Company has already established 3 independent directors - Mr. Kuei-Tuan Chen, Mr. Chang-Jian Ho, and Mr. Geng-Wang Liaw, who attended 100% of the Board meetings in 2022, and with their industrial knowledge, accounting and financial expertise, provided good suggestions concerning the internal control system as well as the business and finance related matters.

The Company has also established the Compensation Committee and Audit Committee, and purchased the liability insurance for all the directors, so as to enhance the corporate governance. In addition, the Company also arranges Board-related refresher programs for the directors so as to improve the professional capability of the Board.

(II) Improving information transparency

To fulfill the essence of corporate governance and improve the information transparency, the Company is committed to disclosing the operation and financial information on the annual report, corporate website and TSE Market Observation Post System (MOPS), and has established spokesperson mechanism, to ensure major information can be timely and appropriately disclosed, for the reference by shareholders and stakeholders.

V. Independent directors' attendance of Board meeting in 2022 (personal, entrusted attendance, non-attendance)

Name	6th Board 10th meeting	6th Board 11th meeting	6th Board 12th meeting	6th Board 13th meeting	6th Board 14th meeting
Kuei-Tuan Chen	Personal	Personal	Personal	Personal	Personal
Chang-Jian Ho	Personal	Personal	Personal	Personal	Personal
Geng-Wang Liaw	Personal	Personal	Personal	Personal	Personal

(II) Audit Committee

A total of 5 (A) Audit Committee meetings were held in the previous period (2022). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) 【B/A】	Remark
Independent directors (Convener)	Kuei-Tuan Chen	5	0	100%	
Independent directors	Chang-Jian Ho	5	0	100%	
Independent directors	Geng-Wang Liaw	5	0	100%	

Other matters documented:

I. Annual focus of the Audit Committee

According to Article 3 of the "Audit Committee Charter", the committee is mainly to supervise the following matters:

1. Fair presentation of the corporate financial statements.
2. Appointment (dismissal) of CPA and its independence and performance.
3. Effective implementation of internal control system.
4. Corporate compliance with relevant laws and regulations.

5. Control of existing and potential risks.

Summary of 2022 work focus:

1. Evaluation of internal control effectiveness.
2. Review of major asset transactions.
3. Review of major loans, endorsement and guarantee.
4. Review of public and private raising and issuance of securities with equity nature.
5. Review of annual and quarterly financial reports.

II. With regard to the functioning of the audit committee, when any one of the following situations apply, please state the audit committee's convening date and term, content of resolutions, content of independent directors' objections, qualified opinions, or major recommended items, the results of audit committee resolutions, and the Company's handling of the audit committee's opinions.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Audit Committee Date of convening	Term	Agenda	Committee resolution	Handling of the Company's opinions on the committee
March 23, 2022	8th meeting of the 2nd Board	1.The Company's 2021 parent company only financial report and consolidated financial report.	Concurrence.	Approved as proposed.
		2.The Company's proposed private placement of common shares.		
		3.The Company's proposal of loans to affiliates.		
		4.The Company's proposal of endorsements and guarantees for affiliates.		
		5. Proposed revision of the Company's Articles of Incorporation.		
		6. Proposal of the amendment to the Company's "Procedures Governing the Acquisition or Disposal of Assets".		
		7.Proposed partial revision of the content of "General Principles of Internal Audits" concerning the Company's internal control system.		
		8. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2022.		
May 4, 2022	9th meeting of the 2nd Board	1.The Company's proposal of loans to affiliates.	Concurrence.	Approved as proposed.
		2.The Company's proposal of endorsements and guarantees for affiliates.		
		3.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2022.		
August 2, 2022	10th meeting of the 2nd Board	1.The Company's proposal of loans to affiliates.	Concurrence.	Approved as proposed.
		2.Proposal of the capital increase record date for exercise of employee		

		stock options and 4th domestic secured convertible corporate bonds in Q3 2022. 3.Proposed partial revision of the content of "Purchasing and Payment Cycle" concerning the Company's internal control system.		
September 19, 2022	11th meeting of the 2nd Board	The Company's proposal of endorsements and guarantees for affiliates.	Concurrence.	Approved as proposed.
November 2, 2022	12th meeting of the 2nd Board	1.The Company's proposal of loans to affiliates. 2.The Company's proposal of endorsements and guarantees for affiliates. 3.The Company's independent auditor independence evaluation for 2022. 4.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q4 2022.	Concurrence.	Approved as proposed.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: N/A

III. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: N/A

IV. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.).

(I) Independent directors' communication with internal audit supervisors:

Date	Approach	Issue	Result
March 23, 2022	Audit Committee	2021 Q4 internal audit report.	Internal audit report approved, and presented by the Audit Head at the Board meeting.
May 4, 2022	Audit Committee	2022 Q1 internal audit report..	Internal audit report approved, and presented by the Audit Head at the Board meeting.
August 2, 2022	Audit Committee	2022 Q2 internal audit report.	Internal audit report approved, and presented by the Audit Head at the Board meeting.
November 2, 2022	Audit Committee	1.2022 Q3 internal audit report. 2. 2023 internal audit plan.	1.Internal audit report approved, and presented by the Audit Head at the Board meeting. 2.Annual audit plan approved and submitted to the Board for resolution.

(II) Independent directors' communication with CPA:

Date	Approach	Issue	Result
March 23, 2022	Audit Committee	1. CPA's briefing and explanation of 2021 audit completion stage to independent directors and communication with governance units. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	Concurrence with the CPA audit conclusions and the 2021 parent company only and consolidated financial statements, which were then submitted to the Board of Directors for discussion.
May 4, 2022	Audit Committee	1. CPA's briefing to independent directors and explanation of 2022 Q1	CPA audit conclusion and 2022 Q1 consolidated financial report

		consolidated financial reports. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	approved and submitted to the Board.
August 2, 2022	Audit Committee	1. CPA's briefing to independent directors and explanation of 2022 Q2 consolidated financial reports. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	Concurrence with the CPA's audit conclusions and 2022 Q2 consolidated financial reports, and submission to the Board of Directors.
November 2, 2022	Audit Committee	1. CPA's briefing to independent directors and explanation of 2022 Q3 consolidated financial reports. 2. CPA's briefing to independent directors and explanation of 2022 audit planning stage and communication with governance units. 3. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	1. Concurrence with the CPA's audit conclusions and 2022 Q3 consolidated financial reports, and submission to the Board of Directors. 2. Concurrence with the CPA's key audit matters identified in the planning stage; it is expected that audit conclusions and financial reports will be communicated in March of next year.

(III) Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
I. Does the Company formulate and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated "Corporate Governance Best-Practice Principles" approved by Board resolution and disclosed on the Company's website and the MOPS.	No major discrepancy
II. The Company's shareholding structure and shareholders' equity				
(I) Does the Company formulate internal procedure to deal with shareholders' suggestions, doubts, disputes and litigation?		✓	The Company convenes shareholders' meetings to answer questions from shareholders face-to-face. At other times, there are spokespersons, acting spokespersons and President office investor relations unit to deal with shareholder issues or suggestions.	No major discrepancy
(II) Does the Company have a list of the key shareholders who actually control the Company and the ultimate controllers of the key shareholders?	✓		The Company has dedicated stock affair specialist to deal with the issues listed on the left and has entrusted the China Trust Commercial Bank to handle share-related matters, and is able to hold on to the key shareholders who actual control the Company and the ultimate controllers of the key shareholders.	No major discrepancy
(III) Does the Company establish and execute the risk control and firewall mechanism with affiliates?	✓		The assets and finances between the Company and its affiliates are clearly defined and independent from each other, and the regulations of "Supervision and Governance of Subsidiaries", "Regulations Governing the Financial Operations of Affiliates, Related Parties, Specific Companies and the Group", "Procedures for Acquisition and Disposal of Assets", "Procedures of Endorsement Guarantee", "Procedures of Lending to Others" and "The Group Internal Transfer Pricing policy" are enacted to sufficiently implement risk control and firewall mechanism between the Company and its affiliates.	No major discrepancy
(IV) Does the Company formulate internal regulations to prohibit internal staff from using unpublished information on the market for security transactions?	✓		In order to protect the shareholder equality and safeguard the fairness of the securities trading market, the Company has established the "Regulations Governing to Process Critical Internal Information and Prevent Internal Transactions", which has been approved by the Board and disclosed on the Company's website.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
III. Composition and duties of the Board (I) If the Board of Directors has drafted a diversity policy, what are the specific management objectives and implementation?	✓		The Company has formulated the "Code of Practice for Corporate Governance" which has been approved by the Board and implemented to organize a diversified Board member structure. The Board has seven seats, of which three are for independent directors. Since the Company is engaged in the medical business, there are five directors with medical background, one with financial background and one with medical IT background. The Board member structure meets the needs for corporate development and makes the Board effectively functional. The company also lays emphasis on the gender equality of the members of the Board. However, since it is not easy to find female directors to join in the medical industry, the Company will therefore strive to find female directors who meet the Company's industrial and professional needs. A female director is expected to be added to the 7th Board of Directors to achieve the goal. Diversified Board member structure: The Company drafted a succession plan for the Board of Directors and key management positions in 2022, and reported this plan to the Board of Directors on November 2, 2022. Please refer to page 41 concerning the state of diversification of the Board of Directors.	No major discrepancy
(II) In addition to the Compensation Committee and Audit Committee as required by the laws, will the Company voluntarily set up other functional committees?	✓		In order to strengthen corporate governance and increase the effectiveness of the Board of Directors, on November 4, 2020 the Board of Directors passed a proposal to establish the 1st "Corporate Social Responsibility Committee," which promoted the original task force "Corporate Social Responsibility Committee" to a functional committee of the Board. In compliance with laws and regulations, the March 23, 2022 Board meeting passed a proposal to rename the Corporate Social Responsibility Committee " Sustainability Committee".	No major discrepancy
(III) Does the Company formulate the method for evaluation of the Board performance and implement it on an annual basis, and report the result of evaluation to the Board of Directors and apply it as reference for the remuneration and	✓		The March 24, 2016 Board resolution approved the "Board Performance Evaluation" for the internal evaluation annually by the Board meeting at the end of the year, while the external evaluation by an independent agency or professionals should be given at least once in every three years, along with the annual evaluation of the year.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
nomination of individual director?			In January 2022, all directors and all functional committee members conducted self-evaluation of the performance of the 2021 Board of Directors and functional committees. In addition to the self-evaluation questionnaire, reference was made to the attendance of all board members and functional committee members in 2021 (the attendance rate of all Board members rate was 83%-100%). This proves that all board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committees. Therefore, the evaluation result is that all board members and functional committee members have demonstrated excellent performance. Regarding the participation of all Board members in continuing education during 2021, all directors participated in at least 6 hours of continuing education consisting of director workshops; this enhanced their professional knowledge and skills and ensured the effective operation of the Board of Directors and functional committees. The commissioned external organization Taiwan Corporate Governance Association conducted an external assessment of the 2021 Board of Directors and functional committees in December 2021, and assigned two assessment specialists to perform an on-site assessment visit on December 20, 2021, which included interviews with the Company's Chairman, functional committee chairpersons, corporate governance officer, and internal audit executive. The resulting external assessment report was submitted the Compensation Committee for approval on March 23, 2022, and has been submitted to the Board of Directors. The implementation of the above assessment was submitted to the Compensation Committee for approval and reported to the Board of Directors on March 23, 2022. In January 2023, all directors and all functional committee members conducted self-evaluation of the performance of the 2022 Board of Directors and functional committees. In addition to the self-evaluation questionnaire, reference was made to the attendance of all board members and functional committee members in 2022 (the meeting attendance rate	

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			of all Board members rate was 80%-100%, and the meeting attendance rate of functional committee members was 100%). This proved that all board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committees. Therefore, the assessment result is that all board members and functional committee members have demonstrated excellent performance. Regarding the participation of all board members in continuing education during 2022, all directors participated in at least 6 hours of continuing education consisting of director workshops; this enhanced their professional knowledge and skills, and ensured the effective operation of the Board of Directors and functional committees. The implementation of the above assessment was submitted to the Compensation Committee for approval and reported to the Board of Directors on March 22, 2023.	
(IV) Does the Company regularly evaluate the CPA independence?	✓		The Company conducts a regular annual assessment of the independence of the independent auditor, and this assessment of the independent auditor's independence is conducted by the Board of Directors through a questionnaire containing 11 independence indicators (including the independence of appointment relationships, and of the communication or submission of reports, etc. by the independent auditor, and directors, managers, and concerned parties). This assessment is conducted by the Audit Committee and Board of Directors at the end of each year. The independent auditor must provide an independence declaration and the completed independence assessment questionnaire to the Board of Directors to serve as a basis for review. The Audit Committee and Board of Directors passed the 2022 independent auditor independent assessment after review on November 2, 2022. On March 22, 2023, the Audit Committee and Board of Directors added AQI indicator items provided as a reference by the CPA firm, which included 5 major aspects and 13 audit quality indicators. The independent	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			auditor also provided an impartial statement of independence and a completed independence assessment questionnaire to serve as a basis for review and approval of the 2023 independent auditor independence assessment. Please refer to page 43 for the assessment questionnaire items.	
IV. Is the Company being publicly listed equipped with dedicated or appropriate number of persons to deal with issues regarding corporate governance (including but not limited to providing information required by the directors and supervisors, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with laws, and making minutes of board meetings and shareholders' meetings, etc.)?	✓		The Company has the Finance/Accounting Department as an adjunct unit for the corporate governance, where Yi-Chun Chen, the CFO assumes the head of corporate governance, safeguarding shareholders' rights and strengthening the Board functions. She has more than three years of experiences in finance, stock affairs and relevant proceedings. The main duties of corporate governance are providing information required by the directors to conduct business, assisting the directors with legal compliance, handling corporate registration and change of registration, preparing agenda and producing minutes of Board meetings and shareholders' meetings, and arranging refresher programs for the directors. The state of operations in 2022 was submitted to the Board on March 22, 2023, and included the following: 1. Periodically notifying the Board members of any amendments to the latest laws and regulations relating to the Company's business lines and corporate governance. (1) The Company's monthly conference on September 5, 2022 conducted awareness of laws and regulations concerning corporate governance: Operating Procedures for Handling Internal Material Information and Preventing Insider Trading Time approximately 40 minutes; participation 50 persons. (2) Following the Board meeting on August 2, 2022, the Company conducted awareness of laws and regulations concerning corporate governance for Board members: Handling of internal material information, prevention of insider trading, exercise of right of inclusion, and insiders' shareholding reports. Time approximately 40 minutes; participation 7 persons.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			2. Assisting in arranging the communication meeting between independent directors and chief internal auditor and independent auditors to help the independent directors better understand the Company's business, finance and internal controls. 3. Arranging continuing education programs for independent directors and the other directors. (1) Arranged for a speaker to teach a class on the topic of "What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing" at the Company on May 23, 2022. This class was attended by all seven directors. (2) At the end of the year, all directors had completed 6 hours of continuing education for directors. 4. Reporting on the state of functioning of corporate governance at the Company to the Board of Directors, independent directors, and Audit Committee, and confirming whether the holding of the Company's shareholder's meeting and directors' meeting comply with relevant laws and corporate governance rules and regulations. 5. Responsible for checking the issuance of material information concerning major resolutions of the Board following Board meetings and ensuring the legal compliance and correctness of the content of such material information, so as to ensure that investors have equal access to trading information. 6. Notification of directors 7 days in advance of Board meetings, holding of meetings, and provision of meeting information; advance reminder if any issues require any directors to recuse themselves, and completion of compilation of meeting minutes within 20 days after each meeting. 7. Execution of annual director performance assessment based on the "Board Performance Evaluation Regulations" to ensure effective corporate governance. External assessment by an independent professional organization or external team of experts and scholars must be performed at least once every three years, along with the annual assessment at the end of each year. (1) The commissioned external organization Taiwan Corporate Governance Association conducted an external performance	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>assessment of the 2021 Board of Directors and functional committees in December 2021. The resulting external assessment report was submitted the Compensation Committee for approval on March 23, 2022, and has been submitted to the Board of Directors.
(2) The implementation of the 2022 internal self-evaluation of Board and functional committees performed in January 2023 was reported to and was submitted the Compensation Committee for approval on March 22, 2023, and then submitted to the Board of Directors.
8. Handling registration of the shareholders meeting date in advance in accordance with law, and production of notices, meeting handbooks, and minutes within the statutory period, and registration of changes when amending the Articles of Incorporation or holding the election of directors.
9. Maintaining good investor relations: Planning to arrange two institutional investors' meetings each year to communicate and exchange ideas with institutional investors and general shareholders, so that investors can obtain sufficient information to evaluate the Company's reasonable value in the capital market for the protection of shareholders' equity. The Company convened two institutional investors' meetings in 2022.
10. The Company has purchased liability insurance for directors and managers, which will reduce business losses and risk of major damage to the Company and shareholders.
11. Chief financial officer and corporate governance manager Yi-Chun Chen, attended the following continuing education programs in 2022:
<table>
<tr><th>Date</th><th>Course name</th><th>Hours</th></tr>
<tr><td>2022.05.23</td><td>What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing</td><td>3</td></tr>
<tr><td>2022.10.05</td><td>"2022 Insider Equity Transaction Legal Compliance Awareness Meeting (online awareness meeting)"</td><td>3</td></tr>
<tr><td>2022.10.14</td><td>"2022 Insider Trading Prevention Awareness Meeting (online awareness meeting)"</td><td>3</td></tr>
</table></td><td></td></tr>
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Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			2022.11.11 "Seminar on Derivative Trading Strategies and Market Outlook for TWSE/TPEx listed Companies" (online) 3	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company recognizes that good relationship with the stakeholders is an important basis for corporate growth, and the "Sustainability Committee" defines stakeholders based on the GRI Glossary and discusses and identifies five types of stakeholders including customers, suppliers, investors, employees and general public based on its understanding of the various types of parties contacted within the scope of each department's business. The Company has set up the Stakeholders section on its official website to list the corresponding contact person for different stakeholders, in hopes of accurately holding on to stakeholders' expectations for the Company and properly responding to their concerns. In addition, the Company's Sustainability Committee periodically reports the status of communication with various stakeholders to the Board of Directors, and hopes that this will achieve even greater respect and protection for stakeholders' rights and interests.	No major discrepancy
VI. Does the Company consign a professional agency to handle the affairs of shareholders' meetings?	✓		The Company has assigned Chinatrust Commercial Bank Stock Agency to handle the affairs of shareholders' meetings.	No major discrepancy
VII. Information disclosure (I) Does the Company set up a website to disclose the financial and governance information?	✓		The Company's financial, business and corporate governance information is published on the MOPS as required by the competent authorities, and disclosed on the corporate website as well.	No major discrepancy
(II) Does the Company takes other disclosure approaches (e.g. English website, dedicated staff for information collection and disclosure, spokesperson mechanism, publishing briefings for corporate investors on the corporate website)?	✓		The Company designates dedicated staff to maintain, collect and disclose the corporate information. The Company's financial and business information is announced through a single channel by the corporate spokesperson, acting spokesperson or investor relations to ensure the implementation of spokesperson mechanism. Information such as presentation and video of institutional investors' meetings convened from time to time is also published as required by the competent authorities and published in the Investors section of the Company's official website in traditional Chinese and English for the reference by the public.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation early within the prescribed time limit?	✓		The Company announces annual financial reports and declares the financial reports for the first, second, and third quarters as well as the operating situation for each month in accordance with the provisions of the "Securities Exchange Act," and announced and reported such information ahead of time when reporting each quarterly financial report in 2022.	No major discrepancy
VIII. Does the Company provide other major information conducive to the understanding of the corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, refresher programs for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance for the directors and supervisors)?	✓		1. Employees' rights and concern for employees: The Company has established an Employee Welfare Committee to promote various welfare measures and activities, has instituted a retirement pension system, encourages employees to participate in various types of education and training, provides Labor Insurance, National Health Insurance, and Group Insurance, and respects the rights of its employees. 2. Investor relations: To uphold the rights of investors and fulfill its responsibilities to its shareholders, the Company discloses financial and sales information in accordance with laws and regulations. 3. Supplier relations: The Company and its suppliers enjoy open communication channels and excellent interaction. 4. Stakeholders' rights: Stakeholders may communicate and make recommendations to the Company to safeguard their lawful rights. 5. Continuing education for directors (2022): Please refer to page 44. 6. Implementation of risk management policies and risk assessment standards: In order to reduce and avoid any possible risks, the Company focuses on its core business, promotes various policies in accordance with relevant laws, and has established relevant standards to regulate implementation. 7. Implementation of customer policies: To ensure the quality of customer service, the Company actively responds to all customer complaint incidents, and adequately determines the source of any problems and where responsibility should be assigned. 8. Purchase of liability insurance for directors: The Company has purchased liability insurance for directors, which will reduce risk of major damage to the Company and shareholders through business errors and negligence.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
IX. Concerning the results of the recent corporate governance evaluations released by the TWSE Corporate Governance Center (CGC), explain improvement that has been done, and issues yet to be dealt with for improvement. Based on the results of the 8th Corporate Governance Assessment released in April, 2022, the improvements that have been done and yet to be done are shown on Page 42.				

Board of Directors diversity policy

Diversification item / Name of Director	Basic composition		Professional knowledge and skills			Complies with abilities that must be possessed by the Board of Directors as a whole (note 1)
	Gender Age	Nationality	Professional background	Professional skills	Industrial experience	
Juristic representative, Princeton Healthcare Limited Chairman: Pei-Lin Lee	Male 71~80 years	ROC	Biotechnology and medicine	Experience as leader of TWSE/TPEx listed company	Radiology Dept., National Taiwan University Hospital, Chairman of the Company and its subsidiaries and second-tier subsidiaries	1 2 3 4 5 6 7 8
Vice Chairman: Tien-Ying, Lee	Male 41~50 years	ROC	Biotechnology and medicine	Passed national physician's examination	Chief Resident, Department of Infectious Disease, Mackay Memorial Hospital; Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8
Director: Chun-Shung Huang	Male 81~90 years	ROC	Biotechnology and medicine	Passed national physician's examination	Superintendent, Mackay Memorial Hospital; Chief Consultant and Orthopedic Physician, YeeZen General Hospital	1 2 3 4 5 6 7 8
Representative of juristic-person director, Yen-Hsin Investment Ltd.: Director: Yung-Shun Chuang	Male 71~80 years	ROC	Infomation technology	Experience as leader of TWSE/TPEx listed company	EMBA, National Taiwan University; Chairman, AAEON Technology Inc.	1 2 3 4 5 6 7 8
Independent director: Kuei-Tuan Chen	Male 71~80 years	ROC	Accounting	Holds a CPA license	CPA, EnWise CPAs & Co.	1 2 3 4 5 6 7 8
Independent director: Chang-Jian Ho	Male 71~80 years	ROC	Biotechnology and medicine	Passed national physician's examination	Special Physician, Heping Fuyou Branch, Taipei City Hospital	4 5 6 7 8
Independent director: Geng-Wang Liaw	Male 41~50 years	ROC	Biotechnology and medicine	Passed national physician's examination	Vice Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8

Note 1: The following abilities must be possessed by the Board of Directors as a whole:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to perform crisis management.
5. Knowledge of the industry.
6. Has an international market perspective.
7. Has leadership ability.
8. Has decision-making ability.

The results of the corporate governance review of the most recent year

According to the results of the 8th (2021) corporate governance evaluation released by the TWSE CGC in April 2022, the Company scored in the 21% to 35% of all listed companies. In the category of companies with a market value of from NT$5.0 billion to NT$10 billion, the Company was ranked in the 11%-20% of TWSE/TPEx listed companies. The following table contains priority items requiring improvement and strengthening measures for indicators that have been improved and not yet been improved in the 8th (2021) corporate governance evaluation:

(1) Situation has been improved	
Indicators	**Improvements**
Has the Company drafted and disclosed on its corporate website internal rules prohibiting insiders such as directors and employees from taking advantage of information not obtainable from the market to obtain benefit and the state of implementation?	The Company has implemented such rules and disclosed them on its corporate website in 2021.
Has the Company drafted succession plans for Board members and important management-level personnel, and disclosed the state of functioning of such plans on its corporate website or in its annual report?	The Company has drafted such rules and disclosed them on its corporate website in 2021.
Has the Company established a corporate governance manager bearing responsibility for corporate governance matters, and has it explained the corporate governance manager's scope of authority, key matters performed during the year in question, and state of continuing education on its corporate website and in its annual report?	This has already been disclosed in the Company' s 2020 annual report and on its corporate website.
Has the Company disclosed its greenhouse gas emissions, water usage, and total weight of waste during the past two years?	The Company has disclosed this information on its 2020 Corporate Social Responsibility Report.
(2) Priority items requiring improvement and improvement measures	
Indicators	**Measures to take**
Did a majority of directors at the Company (including at least one independent director) and the conveyor of the Audit Committee (or at least one supervisor) personally attend the shareholders meeting, and was a list of such persons disclosed in the minutes?	A majority of directors attended the Company's 2022 shareholders meeting, including the conveyor of the Audit Committee, and this is disclosed in the minutes.
Does the Company' s annual report disclose the connection between directors' and managers' performance evaluation and remuneration?	This has already been disclosed in the Company' s 2021 annual report.
Does the Company's website or annual report disclose the ethical management policy passed by the Board of Directors, explicitly state specific methods and plans for preventing unethical conduct, and explain the state of performance?	This has already been disclosed in the Company' s 2021 annual report and on its corporate website.

According to the results of the 9th (2022) corporate governance evaluation released by the TWSE CGC in April 2023, the Company scored in the top 6% to 20% of all listed companies. In the category of companies with a market value of from NT$5.0 billion to NT$10 billion, the Company was ranked in the top 6% to 10% of TWSE/TPEx listed companies.

CPA independence evaluation questionnaire

Professionalism & Independence	Yes	No	Description
1. Does the CPA take an absolutely independent stand when carrying out the internal control check and financial statements certification for the Company?	✓		
2. Is the CPA equipped with adequate and appropriate professional capability and experience to effectively carry out the above jobs?	✓		
3. Does the CPA comply with the Norm of Professional Ethics for CPA and have no direct or indirect interest in the Company which may affect its independence?	✓		
4. Does the CPA timely communicate with the Company's directors, supervisors, managers and related parties?	✓		
5. Does the CPA do due diligence to provide the Company with full and correct services and/or suggestions?	✓		
6. Is the CPA not a director or independent director of the Company or its affiliates?	✓		
7. Is the CPA not a shareholder of the Company or its affiliates?	✓		
8. Is the CPA not on the payroll list of the Company or its affiliates?	✓		
9. Is the CPA doing the auditing service for the Company not for the seventh consecutive year?	✓		
10. Does the CPA confirm that his PWC accounting firm is compliant to the norm of independence?	✓		
11. Is the joint-practice CPA at PWC not taking any of the Company's job positions as a director, manager or others that may significantly affect the audit operations, within a year after resigning from auditing the Company?	✓		

Director refresher programs 2022

Position	Name	Date of continuing education	Course name	Hours of continuing education
Representative of juristic-person director	Pei-Lin Lee	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Vice Chairman	Tien-Ying, Lee	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Independent director	Kuei-Tuan Chen	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Independent director	Geng-Wang Liaw	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Independent director	Chang-Jian Ho	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Representative of juristic-person director	Yung-Shun Chuang	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Director	Chun-Shung Huang	2022.05.23	What are investors all thinking? Corporate transition to sustainability from the perspective of ESG investment and financing	3
Representative of juristic-person director	Yung-Shun Chuang	2022.04.22	Taishin 30 Sustainability and Net Zero Summit Forum: Serious about Net Zero and Success at Sustainability by 2030	3
Representative of juristic-person director	Yung-Shun Chuang	2022.03.10	Online seminar: "A Look at Independent Directors and the 2022 Shareholders Meeting from an International Perspective"	1
Independent director	Chang-Jian Ho	2022.09.29	2022 Issuance of reference guidelines for the exercise of powers by independent directors and the Audit Committee and director/supervisor awareness meeting	3
Independent director	Kuei-Tuan Chen	2022.10.06	2022 Issuance of reference guidelines for the exercise of powers by independent directors and the Audit Committee and director/supervisor awareness meeting	3
Independent director	Geng-Wang Liaw	2022.10.11	2022 Issuance of reference guidelines for the exercise of powers by independent directors and the Audit Committee and director/supervisor awareness meeting	3
Representative of juristic-person director	Pei-Lin Lee	2022.10.14	"2022 Insider Trading Prevention Awareness Meeting (online awareness meeting)"	3
Director	Chun-Shung Huang	2022.10.26	"2022 Insider Equity Transaction Legal Compliance Awareness Meeting (online awareness meeting)"	3
Vice Chairman	Tien-Ying, Lee	2022.10.28	"2022 Insider Trading Prevention Awareness Meeting (online awareness meeting)"	3

(IV) The composition and state of functioning of the salary compensation committee or nomination committee, if established, should be disclosed

The Company has not established a nomination committee; the composition and state of functioning of the salary compensation committee are disclosed as follows:

1. Compensation Committee member profile

Identify (Note 1)	Criteria / Name	Professional qualifications and experience	State of independence	The number of Compensation Committee of other publicly listed companies that this Compensation Committee member concurrently works for
Independent director	Kuei-Tuan Chen	Please refer to the relevant content of Attached Table 1 Information concerning directors and supervisors on page 17.	Please refer to the relevant content of Attached Table 1 Information concerning directors and supervisors on page 17.	2
Independent director	Chang-Jian Ho			0
Independent director (Convener)	Geng-Wang Liaw			0

2. The operations

(1) There are three seats in the Compensation Committee.

(2) The sessions: June 12, 2020 thru June 11, 2023. The committee meetings were given twice (A) in 2022, and the attendance is as follows:

Title	Name	Number of personal attendance (B)	Number of entrusted attendance	Attendance rate (%) (B/A)	Remark
Convener	Geng-Wang, Liaw	2	0	100%	-
Member	Chang-Jian, Ho	2	0	100%	-
Member	Kuei-Tuan, Chen	2	0	100%	-

Other matters documented:

I. If the Board does not accept or revise the proposals suggested by the Compensation Committee, the date of Board meeting, session number, content of proposal along with corresponding resolution and handling should be explicitly stated (if the remunerations approved by the Board are higher than the Committee suggested, the discrepancy and causes should be explicitly stated):
No such occurrence. Please see the following table.

II. If the resolution of the Compensation Committee is opposed or with qualified opinions that are documented or in written statement, the date of Compensation Committee meeting, session number, content of proposal, opinions, and handling should be explicitly stated:
No such occurrence. Please see the following table.

Date of meeting	Session	Proposal	Resolution	Propoal handling by the Company
March 23, 2022	4th meeting of the 5th Board	1. Report on the 2021 distribution of remuneration to employees and Directors 2. Review of the Company's manager performance evaluation and remuneration standards. 3. Review of the Company' s existing regulations governing distribution of remuneration to employees. 4. Report on the Board of Directors' performance evaluation results. 5. The Company's 2021 directors' remuneration report. 6. Review on distribution of year-end bonuses to managers in 2021. 7. Review and adjustment of remuneration of the Company's Vice Chairman.	Unanimous concurrence by the Committee.	Passed unanimously after submission to the Board of Directors.
November 2, 2022	5th meeting of 5th Board	1. Proposed provision of remuneration to directors and employees for 2022. 2. Annual work plan of Compensation Committee for 2023.	Unanimous concurrence by the Committee.	Passed unanimously after submission to the Board of Directors.

(V)State of implementation of promotion of sustainable development and discrepancies from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for discrepancies

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
I. Has the company established a governance framework and dedicated (concurrent) responsible unit for the promotion of sustainable development? Has the Board of Directors authorized senior management to handle this issue? What is the state of oversight by the Board of Directors?	✓		In order to put corporate sustainability management and implementation on a sound footing, the Company established the Corporate Social Responsibility Committee as a task force in 2016. This committee is headed by the Chairman, and contains five working groups responsible for corporate governance, customer service, employee welfare, environment sustainability, and social participation. The committee has integrated resources from various departments and incorporated ESG as a link in the Company's sustainability management strategy. In order to strengthen corporate governance and increase the effectiveness of the Board of Directors, the Board of Directors resolved a proposal in 2020 to establish the 1st "Corporate Social Responsibility Committee," which was composed of the Company's three independent directors, and promoted the original task force "Corporate Social Responsibility Committee" to a functional committee of the Board of Directors. The Company also drafted "Corporate Social Responsibility Committee Charter ". Furthermore, in compliance with the sustainable development roadmap issued by the Financial Supervisory Commission, the Company renamed the Corporate Social Responsibility Committee as Sustainability Committee during the committee meeting on March 23, 2022 (please refer to page 62 for the committee's organizational framework), at which time the committee's charter was also revised and renamed as "Sustainability Committee Charter". The 2021 CSR Results and 2022 ESG Plans were resolved at this meeting. The Sustainability Committee convenes at least once each year, and has chief duties including the drafting of annual ESG plans reflecting the Company's business strategies and tracking of implementation results, review of corporate sustainability policies, systems, and management strategies, assignment of working groups to prepare and issue annual sustainability reports, and regular reporting to the Board of Directors concerning the implementation status in Q1 and status of communication with CHC’s various stakeholders in Q3 of each year. The Company's Board of Directors regularly listens to reports from the Sustainability Committee and management team, and bears responsibility for approval of annual ESG plans and review of past implementation results. In addition, the Board of Directors also monitors engagement	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>between the Company and stakeholders, routinely checks whether the content of the Company's "Sustainable Development Best Practice Principles" has kept up with the times, and when necessary urges relevant units to make revisions. The Board of Directors thus placed a leadership and supervisory role concerning corporate sustainable development.</td><td></td></tr>
<tr><td>II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations and formulate corresponding risk management policies or strategies based on the materiality principle? (note 1)</td><td>✓</td><td></td><td>The Company has established a risk management committee, and drafted " Policies and Procedures for Risk Management", which have been approved by the Board of Directors. The Board of Directors serves as the highest decision-making unit with regard to risk management mechanisms, and the position of risk management head has been established to consolidate risk management duties. Under the risk management head, legal compliance, customer service, and environment community units perform risk control-related matters. The Risk Management Committee regularly reports its state of operations to the Audit Committee and Board of Directors on an annual basis, which confirms the effective management of risk-related issues. Under the Board of Directors, the Audit Office has also incorporated the risk management system and regulations within internal audit operating procedures, which ensures the effective continuing implementation of this system.
The Company's identification of major issues is based on assessment of the two aspects of "impact on corporate operations" and "degree of stakeholder concern." Proposals are finalized after discussion by the Sustainability Committee and its working groups, and the Risk Management Committee performs risk assessment of all environmental, social, and corporate governance issues connected with corporate operations in accordance with the principle of materiality and in reference to the major issues for the year identified by the Sustainability Committee. This risk assessment, which takes the Company and all subsidiaries as the boundary of assessment, serves as a reference for risk management and operating strategies.
Risk management procedures determined by the Company include risk identification, risk assessment, risk monitoring, risk reporting, and risk response. Following risk assessment, risk explanation management policies and strategies are as follows:
<table>
<tr><th>Material issues</th><th>Risk assessment items</th><th>Explanation</th></tr>
<tr><td>Environment</td><td>Climate change</td><td>An assessment has been performed of the current and potential future risks and</td></tr>
</table>
</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
				relevant risks	opportunities of climate change to the Company and subsidiaries, and the risk of transformation to a low-carbon economy and physical risk connected with the impact of climate change have been identified. Response measures and the corresponding strategies have been proposed, and include the drafting of an energy conservation/carbon emissions reduction working plan and implementation regulations, and an energy conservation/waste reduction management policy, etc., and these measures are being implemented. The corporate headquarters building is being built as a green building, and landscaping is being improved to provide a temperature regulating effect. The Company has increased green purchasing, and requires domestic suppliers to sign environmental protection statements. The Company has developed low-carbon products and services, and established a paperless operating system to promote the concept of sustainability at the customer end. Although the Company is not a manufacturer, it is actively striving to implement environmental protection and hopes to reduce the risks brought by climate change.	
			Society	Product safety	The foreign suppliers cooperating with the Company and its subsidiaries are all well-known large international medical instrument and equipment manufacturers. Apart from upholding brand and manufacturer laws, regulations, and requirements of their place of business, foreign suppliers' products must have received ISO 13485 medical equipment quality management system certification. To ensure that there	

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
					is no prohibition of sale or product disputes, inspection registration is performed in accordance with Ministry of Health and Welfare laws and regulations when medical equipment is sold on the domestic market. To safeguard the safety and physical health of personnel, customer education and training services provided after product delivery. Products are also equipped with relevant adjustment and safety interlocking and emergency stop devices. The Company relies on safeguards at different levels to ensure product safety.	
				Occupational safety and health	Apart from maintaining the health and safety of the employees of the Company and its subsidiaries in accordance with relevant laws and regulations governing health and safety, the Company has also drafted an occupational health and safety management handbook based on the ISO 45001 occupational health and safety management system standards. This handbook has been formally implemented for the purpose of achieving zero occupational accidents, strengthening autonomous management, continuing improvement of occupational health and safety performance, reducing occupational accidents, and protecting employees' safety and health. In addition, the Company also regularly holds occupational health and safety education and training in order to strengthen awareness and realize concern for employees. The Company ensures that its personnel are aware of and attach importance to workplace health and safety issues, with the goal of instituting effective occupational health and safety management.	

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
			Corporate Governance	Legal and regulatory compliance	The Company complies with the laws and regulations governing listed companies established by the government and competent authority. The high-end medical instruments and equipment distributed by the Company comply with relevant laws and regulations governing product import/export and laws and regulations of the Ministry of Health and Welfare. Foreign and domestic subsidiaries must also faithfully comply with the laws and regulations of their place of operation. The Company conducts legal compliance awareness sessions for personnel in various departments when needed, conducts education and training sessions, and provides information concerning external continuing education so as to enable employees to gain the newest legal and regulatory information. The Company also establishes an internal system of rules and regulations, and requires personnel to strictly comply with legal requirements. Relevant strategies have uniformly enabled the goal of compliance with relevant laws and regulations to be attained, which has effectively reduced operating risk.	
				Stakeholder engagement	After gaining an understanding of the various types of parties contacted within the course of different departments' operations, the Sustainability Committee has performed discussion and identified five types of stakeholders of the Company and its subsidiaries including customers, suppliers, investors, employees, and general public. In order to maintain positive interaction with stakeholders, the Company has set up the Stakeholders section on its official	

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			website to list the corresponding contact person for different stakeholders and has also voluntarily compiled and publicly disclosed a sustainability report for several consecutive years, while also establishing a wider range of channels for interaction with stakeholders. In addition, the Company's Sustainability Committee reports the status of communication with various stakeholders to the Board of Directors, and hopes that this will achieve even greater respect and protection for stakeholders' rights and interests.	
III. Environmental Problems (I) Does company set up environmental control mechanism based on its industrial characteristics?	✓		The company is located in the urban area of Taipei, where the waste disposal is handled in accordance with Regulations Governing Disposal and Recycling of General Waste. The Company has no factory, thus causing no violation of environmental protection regulations. In promoting environmental safety and health, promulgation of relevant regulations and concepts are given from time to time to enhance employees' awareness and reduce workplace risks.	No major discrepancy
(II) Does the Company endeavor to increase energy efficiency and use recycled materials with low environmental load?	✓		In order to increase the effectiveness of resource use, the Company has drafted an energy conservation/ carbon emissions reduction working plan for office areas, has implemented trash classification, and has established recycling stations; recycled materials with low environmental load chiefly consist of office paper and toilet tissue. The Company continues to procure the recyclable paper bearing the FSC international Green Mark or Ministry of the Interior's Green Mark. Furthermore, in order to reduce paper consumption, the Company communicates to all workers that the paper may be used for double-sided and reverse page copying and printing.	No major discrepancy
(III) Does the Company evaluate the potential risks and opportunities of climate change for the Company at present and in the future, and take measures to address climate-related issues?	✓		A detailed explanation of the Company's analysis of climate change risks and opportunities has been disclosed in the environmental sustainability chapter of the Company's sustainability report.	No major discrepancy
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use	✓		The Company's power needs are chiefly filled through externally-purchased power, and emissions attributable to externally-purchased power accounted for over 99% of overall carbon emissions during the most recent two years; the remaining emissions are attributable to fixed emission sources (diesel emergency generators), mobile emission sources (gasoline vehicles), and fugitive emission sources (refrigerant, septic tanks, fire extinguishers);	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>reduction or other waste management?</td><td></td><td></td><td>since the company has no production processes, there are no process emission sources.
Greenhouse gas emissions during the most recent two years
Units: Tons
<table><tr><th>Year</th><th>Greenhouse gas emissions (CO2)</th></tr><tr><td>2022</td><td>318.44</td></tr><tr><td>2021</td><td>335.26</td></tr></table>
The Company's water conservation plan calls for the full-scale implementation of housekeeping water conservation, and seeks to derive the greatest possible benefit from water resources. The Company used 3,798 units of water in 2022, which was obtained from tap water and rainwater recovery ponds; the Company will continue to draft water recycling plants and devise an evolutionary approach to boost overall water use efficiency.
Water consumption during the most recent two years
Units: Tons
<table><tr><th>Year</th><th>Water usage</th></tr><tr><td>2022</td><td>3,798</td></tr><tr><td>2021</td><td>3,628</td></tr></table>
The Company is not a manufacturer, and its working environment consists of ordinary offices; waste chiefly consists of waste produced by personnel during their every day work, and is handled in accordance with local government regulations.
Total weight of waste produced during the most recent two years
Units: Kg
<table><tr><th>Year</th><th>Total weight of waste</th></tr><tr><td>2022</td><td>6,364</td></tr><tr><td>2021</td><td>5,956</td></tr></table>For detailed description, please refer to the environment sustainability chapter of the sustainability report.</td><td></td></tr>
<tr><td>IV. Social Problems
(I) Does the Company establish social welfare policies and procedures according to relevant statutory regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>In order to fulfill CSR and protect the basic human rights of all colleagues, clients and stakeholders, we strictly comply with the principles disclosed in the International Bill of Human Rights and respect internationally recognized basic human rights of labors, such as prohibiting child labor, eliminating employment and occupational discrimination. We establish relevant administration policies and procedures, and abide by the labor-related laws and regulations of the local competent authorities to protect the legitimate rights and interests of employees.
The company's human rights policy has been disclosed on the company's</td><td>No major discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>website as follows:
The company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work, and complies with local laws and regulations and endeavors to reduce human rights risks or alleviate the impact of human rights incidents through remedial measures.
Principles of administration
1. Prohibition of any forms of discrimination.
2. Prohibition of forced labor and child labor.
3. Providing fair and reasonable salaries and working conditions.
4. Establishing a safe, hygienic, and healthy working environment.
5. Regularly reviewing and evaluating relevant systems.
Human rights issues of concern and specific actions:
<table><tr><th>Item</th><th>Specific actions</th></tr><tr><td>Prohibiting any and all forms of discrimination</td><td>The Company complies with local government labor laws and regulations, international standards, and the Company's Human Rights Policy; implements relevant internal rules and regulations, and performs internal audit procedures. Chapter 2 "Employment and Dismissal" of the Working Rules specifies the principle of no discrimination: The Company's hiring and dismissal of employees shall not be predicated on an employee's race, class, language, ideology, religion, party affiliation, native place, gender, marital status, appearance, facial features, mental/physical disability, place of birth, sexual orientation, age, or past union membership.</td></tr><tr><td>Prohibition of forced labor</td><td>The Company complies with local government labor laws and regulations, international standards, and the Company's Human Rights Policy. The company confirms that candidates' provision of service and employment</td></tr></table></td><td></td></tr>
</table>

Evaluation Status	State of implementation (note 1)				Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation		
				terms are entirely voluntary before hiring any persons, and has no forced or compulsory labor.	
			Prohibition of child labor	In accordance with the management principles in the Company's Human Rights Policy, the Company only accepts job-seekers over the age of 18 when conducting employment interviews, and conducts investigations to confirm newly-hired employees; these two levels of checking ensure that no underage persons are hired.	
			Establishing a safe, hygienic, and healthy working environment	To ensure a safe working environment, the Company arranges regular annual fire safety inspections, and maintains the safety and good condition of all facilities. In addition, the company has voluntarily provided safe and private nursing rooms ensuring that female employees who have given birth can return to the workplace while also caring for their families. • In accordance with Article 15 of the Labor Health Protection Act issued by the Ministry of Labor and ISO 45001 Health Examination Management Procedures, the Company arranges health examinations for employees every two years, which allows tracking of employees' state of health. The Company has established the “Workplace Sexual Harassment Prevention, Complaint, and Punishment Measures" to prevent sexual harassment and protect the rights and interests of victims. These Measures provide employees with channels for accepting	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>sexual harassment complaints, and the Company has designated specific persons to bear responsibility for assisting victims and responding to incidents.</td><td></td></tr>
<tr><td>(II)Does the Company formulate and implement reasonable employee welfare measures(including compensation, vacation and other benefits), and appropriately reflect the operating performance or results in employee compensation?</td><td>✓</td><td></td><td>The CHC Healthcare Group is committed to creating a worry-free work environment for employees, strives to improve various systems, and provides good and comprehensive welfare measures, so that every employee and their families can enjoy a comfortable and pleasant life, and appreciate the care and consideration of the Company.

1. Salary system:
The Company attracts outstanding talent and motivates employees based on a fair and competitive market-based compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results on the basis of the performance evaluation regulations drafted by the Group; thanks to its open and transparent promotion mechanism, the Company promotes outstanding human resources, and provides greater responsibilities and corresponding better compensation and bonuses to drive the development of the organization. The Company further provides equal rewards for the same work and equal promotion opportunities to men and women, and seeks to promote sustainable and inclusive economic growth.
<table><tr><th>Item</th><th>2021</th><th>2022</th></tr><tr><td>Percentage of supervisory positions filled by women</td><td>6.1%</td><td>6.3%</td></tr><tr><td>Percentage of female employees</td><td>41.5%</td><td>42.9%</td></tr></table>In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance / year-end bonuses issued to individual employees in 2022 were equivalent to 2.5 months of salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company.
(1) Year-end bonuses: According to the Employee Performance Evaluation Guidelines, the Group releases yearly bonuses based on the overall profitability at the end of the year.
(2) Distribution of employee compensation during year: Handled in accordance with Paragraph 1, Article 24-1 of the Articles of</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	

Incorporation: If there is an outstanding balance after subtracting cumulative losses from the Company's profits for the year (pre-tax profit before subtracting remuneration to employees and directors), at least 0.05% shall be appropriated as employee remuneration; distribution standards shall comply with the Group's "Employee Remuneration Distribution Guidelines," and this remuneration shall be distributed at the end of June each year.

(3) Allotment of shares to employees: Depending on the overall operational needs of the Group, shareholding, seasoned equity offering, and stock options may be given according to relevant guidelines, formulated for employees to follow.

(4) Salary adjustment:

Adjustment of average salary in 2021	Adjustment of average salary in 2022	Adjustment of average salary in 2023
2.0%	2.6%	2.0%

2. A comprehensive, considerate benefit system:

(1) Insurance plan: In accordance with the relevant law, the Group provides labor insurance and health insurance to each employee, so that they can be fully protected. In addition, the Group also plans a group insurance for employees starting from the date they report to duty, including life insurance, accident insurance, medical insurance and cancer insurance. If the employee is on a sabbatical leave due to a military service, major injury, or childbirth, he or she may continue to participate in the Group's group insurance, so that the protection can be continued.

(2) Holiday bonuses: The Group distributed gifts to the three major Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, wishing colleagues a happy holiday.

(3) Retirement system: According to the "Labor Standards Act," a sound pension system and retirement-related measures are enacted. According to the "Labor Pensions Act," an amount equivalent to 6% of the monthly salary is paid to the personal account with the Bureau of Labor Insurance, Ministry of Labor, and together with the Group's sound financial structure to provide solid pensions appropriation and payment.

(4) Health management: In addition to the fully subsidized health checkup for the new recruits, the Group regularly applies to the Bureau of Labor Insurance for occupational hazard inspections every year, covering general health checkups, special health checkups, etc., and handles annual health checkups for all employees once in every two years.

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(5) Staff dormitory: Considering the needs of short-term travel of employees and the safety and convenience of long-distance commuting employees, the Group has staff dormitory available to provide a comfortable living environment for employees who are traveling or in training.
(6) Employee Welfare Committee: The "CHC Healthcare Group Employee Welfare Committee" is established in accordance with the law to actively promote various employee welfare measures. Expenditures related to various employee benefits in 2021 and 2022 are as follows:
Units: NT$
<table><tr><th>Year</th><th>Funeral subsidies</th><th>Medical subsidies</th><th>Marriage subsidies</th><th>Travel subsidies</th></tr><tr><td>2022</td><td>28,000</td><td>2,400</td><td>12,000</td><td>0</td></tr><tr><td>2021</td><td>0</td><td>0</td><td>24,000</td><td>0</td></tr><tr><th>Year</th><th>Birthday gifts</th><th>Maternity benefits</th><th>Advanced study subsidies</th><th>Three festivals gift money</th></tr><tr><td>2022</td><td>83,500</td><td>40,000</td><td>26,264</td><td>573,500</td></tr><tr><td>2021</td><td>78,000</td><td>8,000</td><td>32,386</td><td>644,500</td></tr></table>
3. Retirement system and state of implementation
(1) With regard to work seniority before and after being subject to the Labor Standards Act, pensions shall be calculated according to the pension standards specified in Article 84-2 and Article 55 of the Labor Standards Act.
(2) When choosing to be subject to the pension plan as stipulated in the Labor Standards Act in accordance with the Labor Pension Act or reserving work seniority accumulated before applicability of the Labor Pension Act, pensions shall be paid according to the provisions of the preceding subparagraph.
(3) For employees who are subject to the pension plan stipulated in the "Labor Standards Act" and who are forced to retire in accordance with Subparagraph 2, Paragraph 1 of Article 35, if their mental disability or physical disability is caused by the execution of their duties, they are entitled to additional 20% of the pension according to the provisions of the preceding paragraph.
(4) For employees who are subject to the Labor Pension Act, the Company will deposit an amount equivalent to 6% of the employees' monthly salary into their personal pension accounts.</td><td></td></tr>
<tr><td>(III) Does the Company provide employees with safe and healthy work environment and give regular safety and health</td><td>✓</td><td></td><td>In addition to compliance with the government safety and health related laws and regulations, and in consideration for employees' safety and welfare, the Company has established an occupational safety and health</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
training?			management manual and related procedures in accordance with the OHSAS 18001 Occupational Safety and Health Management System for which the Company passed the certification in October 2018 and OHSAS 18001 Occupational Safety and Health Management System, changed to ISO45001: 2018 later, for which the Company passed the certification in January 2021. Aiming at zero occupational accidents and strengthened self-management, we are continuously improving occupational safety and health performance, reducing occupational accidents, protecting labor safety and health, and complying with the requirements of the competent authority and stakeholders including customers and employees. All employees must abide by the procedures and rules specified in the manual, and maintain the effective functioning of the occupational safety and health management system. Safety: The Company upholds labor laws and regulations, the Occupational Safety and Health Act, and ISO 45001; four labor safety and health education workshops and one accident prevention training session each in northern, central, and southern Taiwan were held in 2022, which ensured that employees are aware of and comply with relevant regulations, and helped thoroughly implement occupational health and safety management. There were 5 cases of workplace injury 2022 (which included traffic accidents when going to and from work), and all involved only minor injuries. Looking ahead to the future, we will continue to care for our employees and strengthen safety awareness. Due to the continued existence of the COVID-19 in 2022, the Company took preventive measures in accordance with disease prevention standard operating procedures and items. Please refer to the Employee Concern chapter of the Sustainability Report for a detailed explanation. Health: We offer corporate health insurance and new employee health checkups, and based on ISO 45001 health checkup procedures, give health check-ups for all employees every two years to look after the employees' health. In addition, according to the Labor Health Protection Act, operations exposed to ionizing radiation receive special attention, where the high-risk employees are medical technicians, and the departments where they work send their names each year to HR which will then file applications with the Bureau of Labor Insurance for special hazard health checks and regular follow-ups to protect these employees. Furthermore, since January 1, 2022, the Company has implemented on-site service regulations for medical	

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			personnel, and is cooperating with Yi Ren General Hospital to provide on-site consulting service by a registered nurse for 4 hours once each month and by a physician for 4 hours once each year. The Company's headquarters in Neihu District, Taipei contains an exercise area for use by employees, and a trainer from outside the company has been hired to teach fitness classes. We believe that exercise enables participants to immerse fully themselves at the physical, mental, and interpersonal levels, improve their mood, and give them the courage and determination to overcome challenges and difficulties. Exercising regularly will not only benefit employees' physical and mental health but also boost the positive attitude throughout the Company. In addition to the above measures, in order to prevent sexual harassment, the Sexual Harassment Prevention and Appeal Guideline is established with a dedicated complaint filing mechanism, to ensure any sexual harassment, gender discrimination or violence, threats and intimidation are strictly prohibited, for a gender equality workplace. We make every effort to create a happy, secure and rest assured working environment. No discrimination cases occurred in 2022.	
(IV) Does the Company offers effective training programs for employees' career development?	✓		The Company's current training programs consist of four types: 1. Pre-employment training: All new employees are counseled and oriented to understand the Company's organization, business overview, labor safety and health, and standard procedures. 2. Internal training: Employees are given internal training to enhance their basic job competence and professional capability. 3. External training: Depending on the employees' job needs and positions, the external training is given to enhance their professional skills and leadership capability. 4. Overseas advanced study: To meet the future corporate development or job requirement, employees are recommended by their supervisors for going abroad to receive professional training.	No major discrepancy
(V) Does the Company comply with relevant laws and regulations and international criteria regarding customer health and safety, customer privacy, and the marketing and labeling of products and services, and formulate consumer protection or customer rights policies and complaint procedures?	✓		The equipment distributed by the Company absolutely complies with related laws and international standards, and must be verified and registered according to the relevant regulations of the Ministry of Health and Welfare before being sold in the local market. The equipment has correct labeling or package inserts, and instructions for use. In response to the implementation of the Medical Devices Act on May 1, 2021, the Group will continue to comply with the Act to protect the safety, performance and quality of the medical equipment used by customers. Regarding consumer protection policies and complaint filing procedures, the Company has established standard operating procedures for handling quality complaints, serious adverse events, and product recall notifications in accordance with ISO 9001 and relevant regulations of the Ministry of Health and Welfare. In addition, the Company adopted QMS labeling operations in 2022, and	No major discrepancy

<table>
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<tr><td>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights? and how is it implemented?</td><td>✓</td><td></td><td>received approval on March 24, 2023.
The Company's "Corporate Social Responsibility Statement," which explicitly lists environmental protection, safety, health, human rights, ethics, and government requirements relating to social responsibility, requires that suppliers sign this statement and comply with relevant regulations, and jointly fulfill their corporate social responsibilities. As many as 90% of this year's newly-acquired suppliers have signed this statement.
The contents of the “Corporate Social Responsibility Statement" are as follows:<table><tr><td>Comply with relevant regulations on waste water, waste gas, solid waste, hazardous waste and noise control</td><td>Take systematic measures to reduce the consumption of energy resources and reduce emissions</td><td>Ensure that products and services do not use illegal and environmentally hazardous substances prohibited by customers</td></tr><tr><td>Ensure that employees can have a safe and healthy working environment through effective management</td><td>Provide an equal and fair working environment and prohibit any form of discrimination</td><td>Respect the basic human rights of employees and prohibit any and all forms of insulting behavior</td></tr><tr><td>Provide employees with a safe, clean diet and potable water</td><td>Provide adequate and qualified sanitary and environmental facilities, such as public facilities, etc.</td><td>Respect the freedom of employees and prohibit any and all forms of forced labor</td></tr><tr><td>Promote labor-management cooperation and respect the opinions of employees</td><td>Comply with general corporate ethics</td><td>No child labor</td></tr><tr><td>Minor and female employees labor protection</td><td>Respect employees' right to free association and collective bargaining</td><td>Appropriate salary and benefits</td></tr></table></td><td>No major discrepancy</td></tr>
<tr><td>V. Does the Company refer to internationally accepted report preparation standards or guidelines to prepare sustainability reports and</td><td>✓</td><td></td><td>The Company’s Sustainability Report is based on the GRI Standards released by the Global Sustainability Standards Board (GSSB), and has been prepared in accordance with the "Taiwan Stock Exchange Corporation</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
other reports that disclose the Company's non-financial information? Has the company received assurance or certification of the aforementioned reports from a third-party accreditation institution?			Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." The Sustainability Report discloses non-financial information of the Company and its subsidiaries. The Company adopted industry guidelines in SASB Standards, and compiled the report on the basis of the TCFD framework and the United Nations Global Compact for the first time when issuing the 2021 Sustainability Report in 2022. However, the Company is currently an enterprise that is not required to prepare the report, so it has not sought the confidence or assurance opinions of third-party verification units.	

VI. If the Company has drafted its own sustainable development rules based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation:

The Company renamed its original "Corporate Social Responsibility Principles" as "Sustainable Development Best Practice Principles" in March 2022, concurrently revised various articles in accordance with the new version of rules issued by the competent authority, and put it into effect after approval by the Board of Directors. Subsequently, in March 2023, various articles of the "Sustainable Development Best Practice Principles" were again revised in conjunction with the revised "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". The functioning of the Company's "Sustainable Development Best Practice Principles" has no major discrepancies with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please refer to the Company's website and Market Observation Post System for relevant content.

VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development:

(I) Environmental protection: The Company uses the best effort to promote the energy conservation and carbon reduction policy and related environmental policies at the office premises, and value suppliers' ESG performance. In response to the introduction of ISO 9001 Quality Management System, mechanisms are established to evaluate and audit new and existing domestic and foreign qualified suppliers in terms of their quality, occupational safety and health, based on the supplier management procedures, for joint commitment to the environmental sustainability.

(II) Social contributions: The Company hopes that the introduction of high-end medical equipment and technical services can allow the public to enjoy more precise treatment, more sufficient medical resources, and even higher quality medical services, thereby promoting citizens' overall health and well-being and making a contribution to society.

(III) Social welfare: In the spirit of contributing to society, the Company actively participates in social welfare activities, provides assistance to underprivileged groups such as persons living in remote areas, assists in offering charity medical services, and advocates for healthy living. The Company provides necessary resources to underprivileged groups that need assistance, and encourages employees to participate in volunteer service. In the event of natural disasters and major accidents, CHC provides emergency assistance without hesitation and vigorously participates in disaster relief or concern activities initiated by various parties.

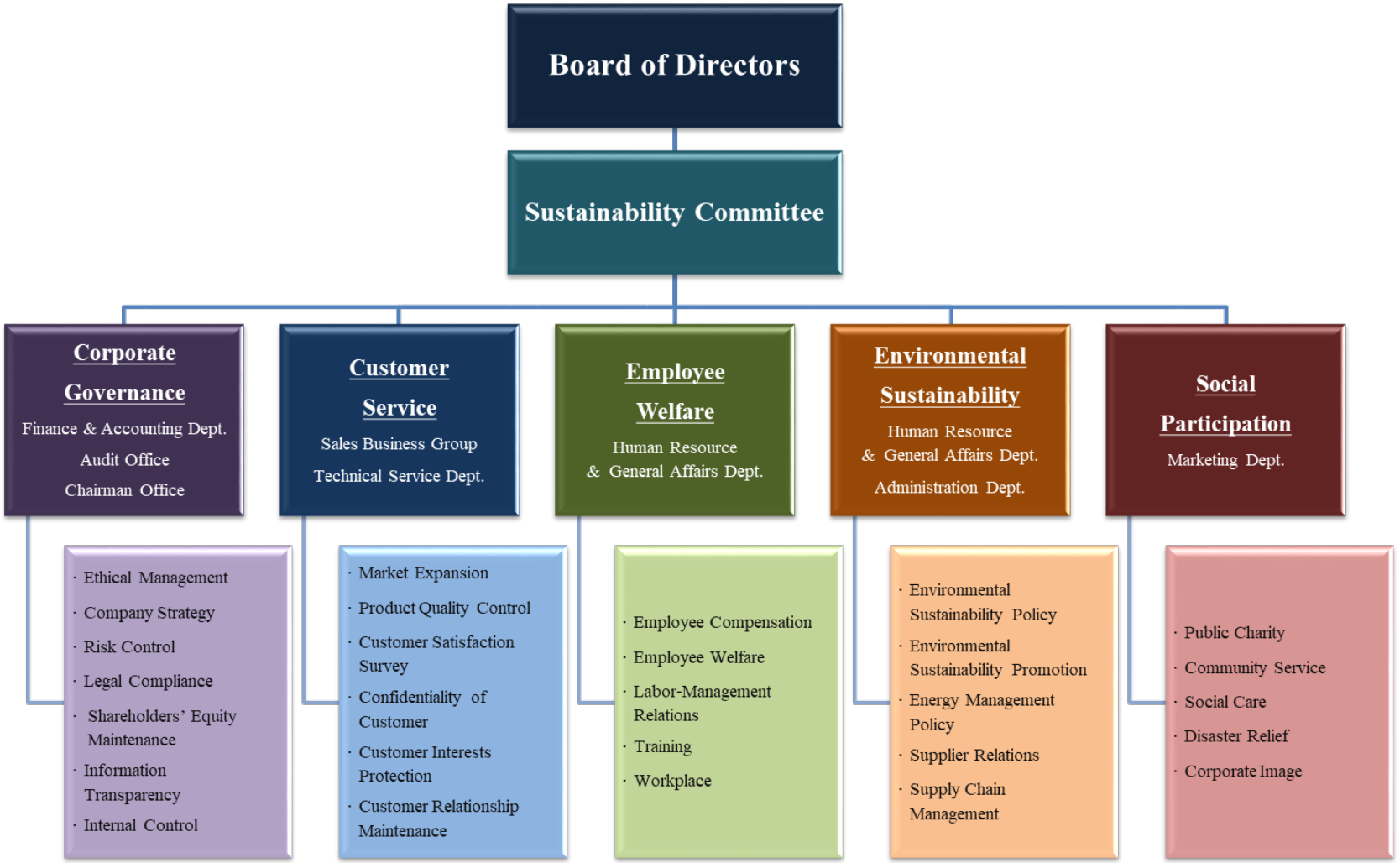
(IV) Customer service: The Company distributes high-end medical equipment and cultivates a manufacturer-certified technical service team to assist customers in equipment installation, and take charge of the training programs and after-sale maintenance with comprehensive services. Customer complaints are handled and responded by the sales unit and technical unit immediately, and the customer service toll-free telephone number is set up to ensure the customers' rights.

(V) Human rights policy: The Company strictly complies with laws and regulations, supports and voluntarily complies with human rights standards in international conventions, and is committed to a friendly, diverse, discrimination-free workplace, where all employees enjoy equal treatment and equal right to work regardless of gender, age, nationality, race, color and political views. The Company also provides opportunities for individuals to freely express ideas and seek development. CHC is committed to a workplace that values human rights and is free from discrimination and harassment.

(VI) Occupational safety and health: The Company protects employees' safety and well-being according to the government's safety and health regulations. The transformation of OHSAS 18001 Occupational Health and Safety Management System to ISO 45001 was activated in 2020 and was done in January 2021, in order to continuously improve occupational safety and health, reduce occupational disasters, and protect employees' safety and health.

Note 1: The principle of materiality refers to instances in which environmental, social, and corporate governance issues have a significant impact on the Company's investors and other stakeholders.

Organization of Sustainability Committee



(VI) Business integrity and relevant measures

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
I. Formulation of integrity policies and programs				
(I) Does the Company formulate the integrity policies approved by the Board, and explicitly manifest the integrity policies and measures in the corporate charters and external documents, and have the Board and senior management committed to the policies?	✓		The Company has drafted "Integrity Procedures and Code of Conduct," which has been passed by the Board of Directors and posted in the CSR section of the Company's website at http://www.cyhc.com.tw. The Integrity Procedures and Code of Conduct governs all employees' ethics and responsibilities when engaging in business activities, and covers the behavior of individual employees, groups and the Company toward the public and stakeholders. And the responsible unit should hold at least one internal advocacy every year to arrange the chairman, general manager or senior management to convey the importance of integrity to the directors, employees and assignees.	No major discrepancy
(II) Does the Company establish an evaluation mechanism for the risk of dishonesty to regularly analyze and evaluate business activities with a high risk of dishonesty within the business scope, and formulate a plan to prevent dishonesty, and at least covers the preventive measures as stated in the second paragraph of Article 7 of the “Code of Integirty of Listed Companies”?	✓		The Company formulates a prevention plan with reference to domestic and international common standards or guidelines, at least covering the prevention measures of the following behaviors: 1.Offering or accepting bribes. 2.Providing illegal political contributions. 3.Improper charitable donations or sponsorships. 4.Offering or accepting unreasonable gifts, hospitality or other improper benefits. 5.Infringement on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6.Engaging in unfair competition. 7.Products and services that directly or indirectly damage the rights, health and safety of consumers or other interested parties during research, development, procurement, manufacturing, provision or sale.	No major discrepancy
(III) Does the Company have a plan to prevent dishonesty, with specific operating procedures, behavioral guidelines, disciplinary and grievance systems for violations and fully implement it, and regularly review and modify the plan?	✓		The Company has established the "Integrity Procedures and Guidelines", the "Code of Ethics", and the "Performance Evaluation Method", which clearly stipulates that it shall not accept hospitality or gifts, rebates or other illegitimate interests for acts or violations of its duties; it is not allowed to use the relationship in the position to move loans to the employees or customers of the Bank, nor to use the authority to violate the law to benefit oneself or others. It also sets up a special unit to appoint the company's employee representatives to jointly review, and inform the employees of the punishment content; if the punished employees have doubts, they must also file a petition to establish a fair reward and punishment system.	No major discrepancy

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
II. Implementation of integrity				
(I) Does the Company evaluate the integrity records of counterparties and specify the terms of good faith in its contracts with the counterparties?		✓	The Company evaluates and audits the quality/environmental safety systems of counterparties, and deals only with qualified ones, while the unqualified ones will, with approvals from supervisors, be excluded from dealing with us, and the provisions of integrity will be expressly stipulated in the future procurement contracts.	No major discrepancy
(II)Does the Company set up a special unit under the Board to implement the corporate integrity and regularly (at least once a year) report the supervision and implementation of the integrity policies and plans for dishonesty prevention?	✓		The HR & General Affairs Department is assigned the responsibilities for amendment, execution, interpretation, consulting and archiving the matters related to “Integrity Procedures and Guidelines”, as well as supervising the implementation and annually reporting to the Board. The procedures and guidelines have been disclosed on the Company's website and propagated through the monthly general meeting of employees for full-range implementation. In the year of 2022, there were a total of 12 employees' general meetings, and no major violation of integrity was reported.	No major discrepancy
(III) Does the Company have a policy to prevent conflicts of interest with a proper complaint filing mechanism for implementation?	✓		The Company has established a policy to prevent conflicts of interest in the "Integrity Procedures and Guidelines" along with the "Internal Major Information Processing and Prevention of Internal Transactions" to provide directors and managers through appropriate channels to explain whether they have potential conflicts of interest. The above procedures, guidelines and measures have been disclosed on the Company's website, and propagated through executive meetings; there were a total of 24 such executive meetings given in the year of 2022.	No major discrepancy
(IV) Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, and based on the results of the assessment of the risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, or entrust a CPA to perform the examination?	✓		To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system, and based on the degree of the assessed risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, and the CPA will conduct internal control review every year.	No major discrepancy
(V) Does the company regularly give internal and external training of integrity management?	✓		The Company communicates to employees our ethical management philosophy and regulations at the management meeting, in order to enable them to better understand the same.	No major discrepancy

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
III. Grievance mechanism (I) Does the company have a specific mechanism to reward reporting of compliance violations, with a convenient reporting channel and appropriate personnel to respond?	✓		The Company has determined a whistle-blowing system and relevant personnel regulations, with content including a concrete whistle-blowing and incentive system, and has established a whistle-blowing mailbox and 0800 whistle-blowing hotline as convenient whistle-blowing channels. The dedicated unit for accepting investigation of parties who are the subject of whistle-blowing reports in the Audit Office.	No major discrepancy
(II) Does the Company set up standard operating procedures and, upon investigation, take relevant follow-up measures and related confidentiality mechanism?	✓		The Company's whistle-blowing system already includes standard operating procedures for investigation of whistle-blowing cases, including the following content: Types of whistle-blowing cases, and whistle-blowing operating procedures, etc.; If irregularities reported in whistle-blowing cases have been verified, the relevant units must submit concrete improvement plans and adopt relevant measures, and must submit a report to the Board of Directors when necessary: Confidentiality mechanisms shall be applied throughout the handling of whistle-blowing cases in all circumstances, and the confidentiality of whistle-blowers' identities, whistle-blowing case content, and relevant evidence shall be strictly maintained.	No major discrepancy
(III) Does the Company take measures to protect the informers from illegitimate treatment due to the incident of reporting?	✓		The Company has established relevant provisions in the reporting mechanism to protect informers, such as non-disclosure of informer's identity, and no consequent discrimination of job interests or work conditions, in order to protect the informers from illegitimate treatment.	No major discrepancy
IV. Enhancement of information disclosure Does the Company disclose its code of integrity and implementation efficacy on its official website and MOPS?	✓		The Company has published its "Integrity Procedures and Guidelines" on its official website and MOPS. In addition, the official website has a CSR dedicated section to disclose the corporate CSR governance, while the corporate governance subsection further discloses the code of good practice and its implementation efficacy.	No major discrepancy
V. If the Company has its own code of conduct in accordance with the Code of Business Conduct and Ethics, please describe the difference between the two: The Company has established the "Integrity Procedures and Guidelines" and the "Code of Ethics and Conduct", and the operations of which are conformable to the standard Code. The corporate codes are based on the business philosophy of integrity, fairness, transparency and self-discipline, upon which good corporate governance and risk control mechanism are built for sustainable development.				
VI. Other important information that helps understanding of the Company's integrity management (such as reviews and amendments of the code of conduct, etc.): Internal audits are conducted on a regular basis for daily operational processes to reduce corruption and bribery through effective internal control mechanisms such as self-assessments.				

(VII) If the Company has a corporate governance code and related regulations, the method of inquiry should be disclosed.

Please visit the Company's official website (http://www.chcg.com): "Corporate Governance" for the "Internal Policies" section downloadable by investors.

(VIII) Other important information that helps further understand the corporate governance should also be disclosed.

Please visit the Company's official website (http://www.chcg.com): "Corporate Governance" for the "Corporate Governance Implementation Status" accessible by investors.

(IX) The following matters concerning internal control system should be disclosed:

1. Internal Control Statement: see Page 67.
2. If the Company entrusts CPAs to conduct internal control system, the CPA auditing reports should be disclosed: N/A.

(X) If the Company and its internal personnel was punished by law, or its internal personnel was punished by the Company due to its violation of the internal control policies, and such punishment may significantly infringe the shareholders' interests or the price of securities, the specific punishment, major deficiencies and improvement shall be clearly listed: None.

CHC Healthcare Group

Internal Control Statement

Date: March 22, 2023

The implementation of the Company's internal control system in 2022, based on the self-evaluation results, is hereby declared as follows:

I. The Company is fully aware that the establishment, implementation and maintenance of an internal control system are the responsibility of the Board of Directors and managers of the Company, and therefore the Company has established the system. Its purpose is to reasonably assure the fulfillment of operational effectiveness and efficiency (including profitability, performance and asset security), as well as reliability, immediacy, and transparency of reports and promulgation, and compliance with laws and regulations.

II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance of achieving the above three objectives. Moreover, due to changes in circumstances and conditions, the effectiveness of the system may change accordingly. Nevertheless, the Company's internal control system has a self-monitoring mechanism, by which corrective action will be taken immediately once a flaw is identified.

III. Based on the effectiveness indicators of the "Standards for Publicly Held Companies to Internal Control Systems" (hereinafter referred to as the Standards), the Company determines whether the design and implementation of the internal control system is effective. According to the process of internal control management, the indicators adopted by the Standards consist of five components: (1) environment of control; (2) assessment of risks; (3) operations of control; (4) information and communication; and (5) monitoring. Each component consists of several items, which are described in the Standards.

IV. The Company has adopted the aforementioned indicators to evaluate the system design and implementation effectiveness.

V. Based on the results of the above evaluation, the Company believes that the December 31, 2022 report of the Company's internal control system (covering subsidiaries) including the understanding of the operational effectiveness and level of efficiency, is reliable, timely and transparent, and the system is designed and implemented in compliance with relevant laws and regulations, reasonably ensuring the achievement of the above objectives.

VI. This statement will become the main content of the Company's annual report and public statement, and will be made public. If the content of the above disclosure is hypocritical or concealing, it will be violation of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved in the Board meeting on March 22, 2023, and all the seven attending directors held no objections, and agree with the content of the statement. The resolution is herewith combined with this statement.

CHC Healthcare Group

Chairman: Pei-Lin Lee

General Manager: Pei-Lin Lee

(XI) Major resolutions of the Shareholders' Meeting and the Board meetings in the most recent year and as of the date of the annual report

Type of meeting	Date	Major resolutions
Board of Directors	2022.03.23	1. The Company's 2021 parent company only financial report and consolidated financial reports. 2.The Company's 2021 earnings distribution proposal. 3.The Company's 2021 business report. 4.The Company's 2021 internal control system statement. 5.The Company's 2022 business plan and annual budget. 6.Proposed distribution of the Company's dividends and stock dividends in cash for 2021. 7.The Company's distribution of remuneration to employees and directors in 2021. 8.Proposed revision of the Company's Articles of Incorporation. 9.Proposed revision of the Company's "Procedures for Acquisition and Disposal of Assets." 10.The Company's proposed private placement of common shares. 11.The Company's 2021 directors remuneration report. 12.The Company's holding of the 2022 annual shareholders' meeting and acceptance of the time and location proposed by shareholders holding more than 1% of all shares, and allowing shareholders to exercise their voting rights electronically. 13.The Company's proposed loans to affiliates. 14.The Company's proposal of endorsements and guarantees for affiliates. 15.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2022. 16.Distribution of year-end bonuses to managers for 2021. 17.Proposal for application for bank credit lines. 18.Proposal to rename the Corporate Social Responsibility Committee the "Sustainability Committee." 19.Proposed revision of the Company's "Rules of Corporate Social Responsibility Practice." 20.Proposed revision of the Company's "Corporate Governance Best Practice Principles." 21.Proposed partial revision of the content of "General Principles of Internal Audits" concerning the Company's internal control system. 22.Review and adjustment of remuneration to the Company's Vice Chairman.
Board of Directors	2022.05.04	1.The Company's proposed Q1 2022 consolidated financial statement. 2.The Company's proposal of loans to affiliates. 3.The Company's proposal of endorsements and guarantees for affiliates. 4.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2022.
Shareholders' Meeting	2022.06.15	1. Acknowledgment of the 2021 business report and financial statements. 2. Acknowledgment of the proposed 2021 distribution of earnings. 3. Approval of the Company's revised "Articles of Incorporation." 4. Approval of the Company's revised "Procedures Governing the Acquisition or Disposal of Assets." 5. Approval of the Company's proposed private placement of common shares.

Type of meeting	Date	Major resolutions
Board of Directors	2022.08.02	1. The Company's proposed Q2 2022 consolidated financial statement. 2. The Company's proposal of loans to affiliates. 3. Proposed partial revision of the content of "Purchasing and Payment Cycle" concerning the Company's internal control system. 4. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q3 2022. 5. Proposed revision of the Company's "Seal Imprint Management Regulations." 6. Proposed application for bank credit limits.
Board of Directors	2022.09.19	1. Proposed application for bank credit limits. 2. The Company's proposal of endorsements and guarantees for affiliates.
Board of Directors	2022.11.02	1. The Company's proposed Q3 2022 consolidated financial statement. 2. The Company's proposed 2023 internal audit plan. 3. The Company's independent auditor independence evaluation for 2022. 4. The Company's proposal of loans to affiliates. 5. The Company's proposal of endorsements and guarantees for affiliates. 6. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q4 2022. 7. Proposed revision of the Company's "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading." 8. Proposed provision of remuneration to directors and employees for 2022. 9. Implementation of the Company's 2022 plan for succession of the Board of Directors and key management positions.
Board of Directors	2023.03.22	1. The Company's 2022 parent company only financial report and consolidated financial statement. 2. The Company's proposed distribution of earnings in 2022. 3. The Company's proposed 2022 business report. 4. The Company's proposed 2022 internal control system statement. 5. The Company's 2023 business plan and annual budget. 6. Distribution of the Company's dividends and bonuses in cash in 2022. 7. Distribution of remuneration to employees and directors in 2022. 8. Proposed election of all directors. 9. Nomination of candidates for directors and independent directors and review of the nominated candidates' qualifications. 10. Proposed lifting of non-compete restrictions on newly-appointed directors. 11. Proposed revision of the Company's "Rules of Procedure for Shareholders' Meetings." 12. The Company's 2022 directors' remuneration report. 13. The Company's 2022 shareholders meeting approved the report on implementation of the private placement of common shares. 14. The Company's holding of the 2023 annual shareholders' meeting and acceptance of the proposal and nomination times and locations proposed by shareholders holding more than 1% of all shares, and allowing shareholders to exercise their voting rights electronically.

Type of meeting	Date	Major resolutions
		15. The Company's proposal of loans to affiliates. 16. The Company's proposal of endorsements and guarantees for affiliates. 17. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2023. 18. The Company's 2023 proposed independent auditor appointment and independence assessment and preliminary permission for the CPA firm and its affiliates to provide non-assurance services. 19. Distribution of year-end bonuses to managers in 2022. 20. Proposed application for bank credit limits. 21. The Company's proposed revision of the "Rules of Procedure for Board of Directors Meetings," "Financial and Non-Financial Information Management," "Rules of Sustainable Development Practice " and "Corporate Governance Best Practice Principles." 22. The Company's proposed revision of the "Operating Procedures for Internal Control System Self-assessment" and "Operating Regulations for Conducting Financial and Business Transactions with Affiliated Enterprises, Concerned Parties, Specific Companies, and Corporate Groups." 23. Follow-up budget proposal for the irradiation service facility of the subsidiary Shin-Ho Instruments Co., Ltd. 24. Review and adjustment of remuneration of the Company's Chairman and Vice Chairman.
Board of Directors	2023.05.03	1. The Company's proposed 2023 Q1 consolidated financial statement. 2. The Company's proposal of loans to affiliates. 3. The Company's proposal of endorsements and guarantees for affiliates. 4. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2023. 5. The Company's proposed revision of the "Financial and Non-Financial Information Management." 6. The Company's proposed private placement of common shares. 7. Added matters concerning the holding of the Company's 2023 shareholders meeting. 8. Proposed acquisition of the right-of-use assets from the subsidiary Chiu Ho Medical System Co., Ltd.

(XII) Implementation of the 2022 Shareholders' Meeting resolutions

Resolution	Implementation
1. Acknowledgment of the 2021 business report and financial statements.	After the resolution of the annual general meeting, the business report and financial statements were published on MOPS.
2. Acknowledgment of the proposed 2021 distribution of earnings.	According to the resolution of the shareholders meeting, distribution of cash dividends totaling NT$323,878,800 to shareholders was completed on August 4, 2022.
3. Approval of the Company's revised "Articles of Incorporation."	Following a resolution of the shareholders' meeting, the "Articles of Incorporation" were implemented as revised.

Resolution	Implementation
4. Approval of the Company's revised "Procedures Governing the Acquisition or Disposal of Assets."	Following a resolution of the annual shareholders' meeting, the "Procedures for Acquisition and Disposal of Assets" were implemented as revised.
5. Approval of the Company's private placement of common shares.	Unanimous concurrence by all the attending shareholders.

(XIII) Any disagreement on the Board resolutions from directors or supervisors that is officially documented or has written statement in the most recent year and as of the date of the annual report: N/A.

(XIV) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D.

For the most recent year and as of the date of the annual report, none of the foregoing persons resigned or were dismissed.

V. Information concerning fees paid to CPA

(I) Audit and non-audit fees paid to CPA, CPA's accounting firm, and its affiliates, and content of non-audit services

Unit: NT$ thousands

Accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Note
PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen Pei-Lin Tu	2022	2,375	450	2,825	Tax certification, foreign language translation, and reviewing of the salary information checklist for full-time employees not in managerial positions

The following items should be disclosed in any of the following circumstances:

1. If the accounting firm is changed and the annual audit fee changed is less than that of the previous year, the audit fees before and after the change of accounting firm and the causes of change should be disclosed

N/A

2. If the audit fee is over 10% less than the previous year's, the reduced amount of audit fee, the proportion and the causes of reduction should be disclosed.

Compared with 2021, audit fees were reduced by NT$320,000 in 2022, which represented a decrease of 11.87%, and was chiefly attributable to the fact that audit fees disclosed during the previous year included NT$300,000 for foreign language translation and reviewing of the salary information checklist for full-time employees not in managerial positions.

VI. Replacement of CPA

(I) Regarding the former CPA

Date of replacement	March 22, 2023		
Replacement reasons and explanations	The accounting firm's internal job rotation		
Whether the appointor terminates or CPA refuses to accept the appointment	Principal / Situation	CPA	Appointer
	Termination	N/A	N/A
	Refusal of (subsequent)appointment	N/A	N/A

Audit report opinions other than unqualified ones issued in the most recent two years and the reason	N/A		
Any different opinions with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	No	✓	
	Explanation		
Other disclosure (Item 1.4 thru 1.7 of Paragraph 6 of Article 10 of the Guidelines should be disclosed)	N/A		

(II) Regarding the successor CPA

Accounting firm	PricewaterhouseCoopers (PwC) Taiwan
Name of CPA	Yu-Fang Yen, Sheng-Wei Teng
Date of appointment	March 22, 2023
Accounting methods or accounting principles for specific transactions and consulted matters that may be issued for financial reporting prior to appointment, and the result.	No discrepancy
Different written opinions between the former and successor CPAs	N/A

(III) Reponse from the former CPA concerning Item 1, 2-3 of Paragraph 6 of Article 10 of "Guidelines for Things to be Documented in Annual Report for Pulibly Listed Companies".

N/A

VII. If the Company's President, General Manager, and/or executives in charge of finance and accounting worked for the CPA's accounting firm or its affiliates in the most recent years, their names, job titles and the durations should be disclosed.

N/A

VIII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(I) Changes of equity by directors, supervisors, managers and key shareholders (holding more than 10% of total shares)

Unit: share

Title	Name	2022		As of April 14, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of juristic-person director, Princeton Healthcare Limited: Pei-Lin Lee	0	0	0	0 (1,300,000)
Vice Chairman	Tien-Ying, Lee	0	0	0	0
Director	Chun-Shung Huang	0	0	0	0
Director	Yen-Hsin Investment Ltd.	0	0	0	0
Director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0
Independent director	Kuei-Tuan Chen	0	0	0	0
Independent director	Chang-Jian Ho	0	0	0	0
Independent director	Geng-Wang Liaw	0	0	0	0
General Manager, chief investment officer, chief HR officer, and major shareholder	Pei-Lin Lee	0	0	0	0 (1,750,000)
Chief Executive Officer, Oncology Business Group	Yee-Min, Jen	10,000	0	20,000	0
Chief Operating Officer	Ming-Lun Lee	0 (22,000)	0	67,500	0
CFO and Corporate Governance Officer	Yi-Chun Chen	0	0	0	0

(II) Information of the counterparties, as related persons, of the equity transfer: N/A.

(III) Information of the counterparties, as related persons, of the equity pledge: N/A.

IX. Relationship among the Top Ten Shareholders

Unit: share

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Princeton Healthcare Limited	28,257,983	17.15%	0	0.00%	0	0.00%	Su-Ching Chen	Representative of Princeton Healthcare Limited is the spouse of Su-Ching Chen	N/A
Representative: Pei-Lin Lee	6,285,151	3.81%	3,863,808	2.35%	0	0.00%	Tien-Yin Lee	Representative of Princeton Healthcare Limited is the father of Tien-Yin Lee	
Tien-Yin Lee	9,413,985	5.71%	31,000	0.02%	0	0.00%	Princeton Healthcare Limited	Tien-Yin Lee is the son of the representative of Princeton Healthcare Limited	N/A
							Pei-Lin Lee	Father & Son	
							Su-Ching Chen	Mother & Son	
Indeed Co., Ltd. Representative : You-Dong Jian	7,135,000	4.33%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Pei-Lin Lee	6,285,151	3.81%	3,863,808	2.35%	28,257,983	17.15%	Princeton Healthcare Limited	The representative of Princeton Healthcare Limited	N/A
							Su-Ching Chen	Spouse	
							Tien-Yin Lee	Father & Son	
Shui-Cheng Tu	4,900,033	2.97%	0	0.00%	0	0.00%	N/A	N/A	N/A
Fubon Life Insurance Co., Ltd Representative: Ming-Shing Tsai	4,813,961	2.92%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Errand Co.,Ltd. Representative: Kun-Chang Su	4,722,000	2.87%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Su-Ching Chen	3,863,808	2.35%	6,285,151	3.81%	0	0.00%	Princeton Healthcare Limited	Shu-Ching Chen is the spouse of the representative of Princeton Healthcare Limited	N/A
							Pei-Lin Lee	Spouse	
							Tien-Yin Lee	Mother & Son	
Taiwan Life Insurance Co., Ltd. Representative: Tai-ko Cheng	2,500,000	1.52%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Yan-Xian Lu	2,300,000	1.40%	0	0.00%	0	0.00%	N/A	N/A	N/A

X. The number of shares of reinvested businesses concurrently held by the Company, the Company's directors, supervisors, managers, and affiliates directly/indirectly controlled by the Company, and the consolidated shareholding ratio.

March 31, 2023 Unit: thousand shares

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chiu Ho Medical System Co., Ltd.	407,000	100%	0	0%	407,000	100%
Tomorrow Medical System Co., Ltd.	90,800	100%	0	0%	90,800	100%
Chiu Ho Scientific Co., Ltd.	9,854	100%	0	0%	9,854	100%
Hua Lin Instruments Co., Ltd.	41,600	100%	0	0%	41,600	100%
Shin-Ho Instruments Co., Ltd.	21,300	100%	0	0%	21,300	100%
Hsin Lin Biotech Co., Ltd.	2,000	100%	0	0%	2,000	100%
E Century Health Care Corporation	52,000	100%	0	0%	52,000	100%
Tong-Lin Instruments Co., Ltd.	35,000	100%	0	0%	35,000	100%
Chiu Ho Biotech Co., Ltd.	21,000	100%	0	0%	21,000	100%
CHC Healthcare (BVI) Limited	0.94	100%	0	0%	0.94	100%
CHC Healthcare (HK) Limited	100	100%	0	0%	100	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	USD9,503 thousands (Note 2)	100%	0	0%	USD9,503 thousands (Note 2)	100%
Chiu Ho (China) Medical Technology Co., Ltd.	USD7,544 thousands (Note 2)	100%	0	0%	USD7,544 thousands (Note 2)	100%
Hsing-Yeh Biotechnology Co., Ltd	93,600	100%	0	0%	93,600	100%
Neusoft CHC Medical Service Co., Ltd	RMB 3,672 thousands (Note 2)	51%	0	0%	RMB 3,672 thousands (Note 2)	51%
SenCare Healthcare Company	19,400	65.99%	0	0%	19,400	65.99%
PT CHC Medika Indonesia	2.566	100%	0	0%	2.566	100%
CHC Long-Term Care Corporation	31,040 thousands (Note 3)	97%	960 thousands (Note 3)	3%	32,000 thousands (Note 3)	100%
Treasure of Health Co., Ltd.	1,979	51%	0	0%	1,979	51%
CHC Healthcare (UK) Limited	200	100%	0	0%	200	100%
Chin An Co., Ltd.	1,642	51%	0	0%	1,642	51%

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Xing An Long-Term Care Corporation	6,794 thousands (Note 3)	50.7%	40 thousands (Note 3)	0.3%	6,834 thousands (Note 3)	51%
Exotic Pet Care Experts Co., Ltd.	408	51%	0	0%	408	51%
Cheng-Hsin Biotechnology Co., Ltd	1,200	40%	0	0%	1,200	40%

Note 1: The Company's long-term investment under equity method.
Note 2: It is a limited company without any share issued, so the invested capital amount and ratio are listed.
Note 3: Juridical association, and unissued shares, therefore the listing of share capital and ratio of capital contribution.

Four. Capital Overview

I. Capital and Shares

(I) Source of Capital

Unit: share; NTD

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Nov. 2009	10	100,000	1,000,000	10,000	100,000	Incorporation	None	Note 1
Dec. 2009	13.6585	60,000,000	600,000,000	60,000,000	600,000,000	Conversion of 44,818,604 shares and exchange of 15,171,396 shares	None	Note 2
Feb. 2010	13.6585	100,000,000	1,000,000,000	78,742,908	787,429,080	Cash capital increase	None	Note 3
Mar. 2010	13.6585	130,000,000	1,300,000,000	101,407,472	1,014,074,720	Cash capital increase	None	Note 4
Dec. 2010	77	130,000,000	1,300,000,000	105,303,576	1,053,035,760	Cash capital increase	None	Note 5
June 2011	71.5	130,000,000	1,300,000,000	108,103,576	1,081,035,760	Cash capital increase	None	Note 6
Nov. 2012	78	130,000,000	1,300,000,000	120,000,000	1,200,000,000	Cash capital increase	None	Note 7
Oct. 2013	80	200,000,000	2,000,000,000	130,000,000	1,300,000,000	Cash capital increase	None	Note 8
Oct. 2014	10	200,000,000	2,000,000,000	130,264,250	1,302,642,500	Exercise of Employee stock option	None	Note 9
Jan. 2015	10	200,000,000	2,000,000,000	130,346,000	1,303,460,000	Exercise of Employee stock option	None	Note 10
Apr. 2015	10	200,000,000	2,000,000,000	130,373,250	1,303,732,500	Exercise of Employee stock option	None	Note 11
July 2015	10	200,000,000	2,000,000,000	130,383,250	1,303,832,500	Exercise of Employee stock option	None	Note 12
Oct. 2015	10	200,000,000	2,000,000,000	130,409,750	1,304,097,500	Exercise of Employee stock option	None	Note 13
Dec. 2015	58.8	200,000,000	2,000,000,000	139,409,750	1,394,097,500	Cash capital increase	None	Note 14
Jan. 2016	10	200,000,000	2,000,000,000	139,702,750	1,397,027,500	Exercise of Employee stock option	None	Note 14
Apr. 2016	10	200,000,000	2,000,000,000	139,723,750	1,397,237,500	Exercise of Employee stock option	None	Note 15
Aug. 2016	10	200,000,000	2,000,000,000	139,733,750	1,397,337,500	Exercise of Employee stock option	None	Note 16
Oct. 2016	10	200,000,000	2,000,000,000	139,793,750	1,397,937,500	Exercise of Employee stock option	None	Note 17
Jan. 2017	10	200,000,000	2,000,000,000	139,847,750	1,398,477,500	Exercise of Employee stock option	None	Note 18
Apr. 2017	10	200,000,000	2,000,000,000	139,855,750	1,398,557,500	Exercise of Employee stock option	None	Note 19
July 2017	10	200,000,000	2,000,000,000	139,870,750	1,398,707,500	Exercise of Employee stock option	None	Note20

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Oct. 2017	10	200,000,000	2,000,000,000	139,913,621	1,399,136,210	Exercise of Employee stock option	None	Note 21
July 2019	10	250,000,000	2,500,000,000	140,386,871	1,403,868,710	Exercise of Employee stock option	None	Note 22
Nov. 2019	10	250,000,000	2,500,000,000	141,633,539	1,416,335,390	Exercise of Employee stock option and conversion of convertible corporate bond	None	Note 23
Aug. 2020	10	250,000,000	2,500,000,000	141,865,789	1,418,657,890	Exercise of Employee stock option	None	Note 24
Oct. 2020	10	250,000,000	2,500,000,000	151,289,882	1,512,898,820	Exercise of Employee stock option and conversion of convertible corporate bond	None	Note 25
Jan. 2021	10	250,000,000	2,500,000,000	157,043,855	1,570,438,550	Exercise of Employee stock option and conversion of convertible corporate bond	None	Note 26
Apr. 2021	10	250,000,000	2,500,000,000	157,067,355	1,570,673,550	Exercise of Employee stock option	None	Note 27
Jul. 2021	10	250,000,000	2,500,000,000	157,293,355	1,572,933,550	Exercise of Employee stock option	None	Note 28
Nov. 2021	10	250,000,000	2,500,000,000	157,327,605	1,573,276,050	Exercise of Employee stock option	None	Note 29
Nov. 2021	10	250,000,000	2,500,000,000	156,327,605	1,563,276,050	Canceled treasury stock	None	Note 29
Nov. 2021	**35.1**	**250,000,000**	**2,500,000,000**	**161,049,605**	**1,610,496,050**	**Private placement of common shares**	**None**	**Note 29**
Jan. 2022	10	250,000,000	2,500,000,000	161,053,605	1,610,536,050	Exercise of Employee stock option	None	Note 30
Apr. 2022	10	250,000,000	2,500,000,000	161,084,105	1,610,841,050	Exercise of Employee stock option	None	Note 31
Aug. 2022	10	250,000,000	2,500,000,000	161,534,855	1,615,348,550	Exercise of Employee stock option	None	Note 32
Nov. 2022	10	250,000,000	2,500,000,000	161,543,105	1,615,431,050	Exercise of Employee stock option	None	Note 33
Jan. 2023	10	250,000,000	2,500,000,000	161,553,105	1,615,531,050	Exercise of Employee stock option	None	Note 34

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
May 2023	10	250,000,000	2,500,000,000	163,785,694	1,637,856,940	Exercise of Employee stock option and conversion of convertible corporate bond	None	Note 35

Note 1: Letter of Approval, dated 11/27/2009, Fu-Tsen-Yie-Shan-Zi No.09891131200.
Note 2: Letter of Approval, dated 12/18/2009, Gin-Sho-Shan-Zi No.09801290060.
Note 3: Letter of Approval, dated 02/09/2010, Gin-Sho-Shan-Zi No.09901029260.
Note 4: Letter of Approval, dated 03/17/2010, Gin-Sho-Shan-Zi No.09901050740.
Note 5: Letter of Approval, dated 12/22/2010, Gin-Sho-Shan-Zi No.09901281880.
Note 6: Letter of Approval, dated 06/09/2011, Gin-Sho-Shan-Zi No.10001115870.
Note 7: Letter of Approval, dated 11/08/2012, Gin-Sho-Shan-Zi No.10101231660.
Note 8: Letter of Approval, dated 10/11/2013, Gin-Sho-Shan-Zi No.10201208320.
Note 9: Letter of Approval, dated 10/17/2014, Gin-Sho-Shan-Zi No.10301216930.
Note 10: Letter of Approval, dated 01/26/2015, Gin-Sho-Shan-Zi No.10401007850.
Note 11: Letter of Approval, dated 04/24/2015, Gin-Sho-Shan-Zi No.10401068910.
Note 12: Letter of Approval, dated 07/23/2015, Gin-Sho-Shan-Zi No.10401147860.
Note 13: Letter of Approval, dated 10/14/2015, Gin-Sho-Shan-Zi No.10401214610.
Note 14: Letter of Approval, dated 01/08/2016, Gin-Sho-Shan-Zi No.10501000920.
Note 15: Letter of Approval, dated 04/14/2016, Gin-Sho-Shan-Zi No.10501069930.
Note 16: Letter of Approval, dated 08/03/2016, Gin-Sho-Shan-Zi No.10501170840.
Note 17: Letter of Approval, dated 10/18/2016, Gin-Sho-Shan-Zi No.10501243740.
Note 18: Letter of Approval, dated 01/17/2017, Gin-Sho-Shan-Zi No.10601006010.
Note 19: Letter of Approval, dated 04/19/2017, Gin-Sho-Shan-Zi No.10601049020.
Note 20: Letter of Approval, dated 07/18/2017, Gin-Sho-Shan-Zi No.10601101290.
Note 21: Letter of Approval, dated 10/20/2017, Gin-Sho-Shan-Zi No.10601143210.
Note 22: Letter of Approval, dated 07/01/2019, Gin-Sho-Shan-Zi No.10801077540 and dated 07/24/2019, Gin-Sho-Shan-Zi No. 10801088920.
Note 23: Letter of Approval, dated 11/04/2019, Gin-Sho-Shan-Zi No.10801138690.
Note 24: Letter of Approval, dated 08/03/2020, Gin-Sho-Shan-Zi No.10901132660.
Note 25: Letter of Approval, dated 10/14/2020, Gin-Sho-Shan-Zi No.10901195090.
Note 26: Letter of Approval, dated 01/15/2021, Gin-Sho-Shan-Zi No.11001009100.
Note 27: Letter of Approval, dated 04/28/2021, Gin-Sho-Shan-Zi No.11001063840.
Note 28: Letter of Approval, dated 07/14/2021, Gin-Sho-Shan-Zi No.11001121250.
Note 29: Letter of Approval, dated 11/12/2021, Gin-Sho-Shan-Zi No.11001193180.
Note 30: Letter of Approval, dated 01/19/2022, Gin-Sho-Shan-Zi No.11101007390.
Note 31: Letter of Approval, dated 04/18/2022, Gin-Sho-Shan-Zi No.11101065410.
Note 32: Letter of Approval, dated 08/12/2022, Gin-Sho-Shan-Zi No.11101133650.
Note 33: Letter of Approval, dated 11/22/2022, Gin-Sho-Shan-Zi No.11101200060.
Note 34: Letter of Approval, dated 01/17/2023, Gin-Sho-Shan-Zi No.11230009520.
Note 35: Letter of Approval, dated 05/09/2023, Gin-Sho-Shan-Zi No.11230063290.

Unit: share

Type of shares	Authorized Capital			Remark
	Outstanding Shares (note)	Unissued shares	Total Shares	
Registered common stock	164,763,214	85,236,786	250,000,000	

Note 1: The Company’s stocks are listed stocks.
Note 2: Including the 977,520 shares of the employees' stock options and convertible bonds which had been exercised and converted but yet to be registered as of the book closure starting date.

(II) Status of Shareholders

April 14, 2023
Unit: person/share

Shareholder structure / Number	Government	Financial institute	Other juristic person	Individual	Foreign institute and individual	Total
Number of Shareholders	0	7	64	12,113	82	12,266
Shareholding (shares)	0	7,938,961	29,175,777	85,824,396	41,824,080	164,763,214
Percentage	0.00%	4.82%	17.71%	52.09%	25.38%	100.00%

Note: The Company has no shareholders with natural or legal entitites from Mainland China.

(III) Shareholding Distribution Status

Common stocks

April 14, 2023

Class of Shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage (%)
1 - 999	3,934	497,903	0.30
1,000 - 5,000	6,741	12,448,593	7.56
5,001 - 10,000	735	5,788,742	3.51
10,001 - 15,000	248	3,188,087	1.93
15,001 - 20,000	134	2,498,888	1.52
20,001 - 30,000	137	3,549,706	2.15
30,001 - 40,000	65	2,333,957	1.42
40,001 - 50,000	31	1,450,241	0.88
50,001 - 100,000	94	6,531,946	3.96
100,001 - 200,000	61	8,692,504	5.28
200,001 - 400,000	38	10,612,790	6.44
400,001 - 600,000	15	7,024,981	4.26
600,001 - 800,000	6	4,161,156	2.53
800,001 – 1,000,000	6	5,539,000	3.36
Over 1,000,001	21	90,444,720	54.90
Total	12,266	164,763,214	100.00

(IV) List of Major Shareholders (holding more than 5% of the total shares or top ten shareholders, with their names, number of shsares held and the shareholding ratios)

April 14, 2023 Unit: share

Shares / Shareholder	Shareholding	Percentage
Princeton Healthcare Limited	28,257,983	17.15%
Tien-Ying, Lee	9,413,985	5.71%
Indeed Co., Ltd.	7,135,000	4.33%
Pei-Lin Lee	6,285,151	3.81%
Shui-Cheng Tu	4,900,033	2.97%
Fubon Life Insurance Co., Ltd.	4,813,961	2.92%
Errand Co., Ltd.	4,722,000	2.87%
Su-Ching Chen	3,863,808	2.35%
Taiwan Life Insurance Co., Ltd.	2,500,000	1.52%
Yan-Xian Lu	2,300,000	1.40%

(V) Market Price, Net Worth, Earnings, and Dividends per Share and related information for the last two years

Unit: NTD: per thousand shares

Item \ Year			2021	2022	As of March 31 of the year
Market price per share	Highest		40.10	50.30	74.80
	Lowest		33.00	35.05	43.10
	Average		36.72	41.42	58.42
Net worth per share	Before distribution		37.78	38.02	36.66
	After distribution		35.77	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		157,029	161,381	161,587
	Earnings per share		2.43	2.21	0.49
Dividends per share	Cash dividends		2.01	(Note 1)	-
	Stock dividends	from Retained Earnings	-	(Note 1)	-
		from Capital Surplus	-	(Note 1)	-
	Retained dividends		-	(Note 1)	-
ROI analysis	Price / Earnings Ratio (Note 2)		15.11	18.74	-
	Price / Dividend Ratio (Note 3)		18.26	(Note 1)	-
	Cash Dividend Yield Rate (Note 4)		0.05	(Note 1)	-

Note 1: Based on the state of distribution as approved at the following year's shareholders meeting; the distribution of 2022 earnings has not yet been acknowledged by the shareholders meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Company dividend policy and implementation

1. Dividend policy

In accordance with law, taxes shall first be paid from any earnings remaining in the Company's final accounts at year-end, and then funds used to make up losses from past years; if there is still a remaining balance, 10% shall be contributed to the statutory reserve. However, when the statutory reserve has already reached the Company's paid-in capital, this requirement shall not apply. In addition, special reserve will be appropriated or reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings of previous years will be available for Rear, so at least 50% of the said amount should be appropriated according to the proposal of the Board of Directors; also, when issuing new shares, it should be presented in the shareholders meeting for resolutions.

In accordance with the Company Law, the Company authorizes the Board send two-thirds of directors to attend, and upon resolution by more than half of the attended shareholders, distribute dividends and bonuses or all or part of the statutory surplus reserve and capital reserve provided for in Paragraph 1, Article 241 of the Company Law by way of cash distribution and report to the shareholders' meeting.

The Company’s business development is growing currently, and the distribution of dividend and bonus is with the comprehensive dividend policy planned for the distribution of stock dividends and cash dividends appropriately. The Company’s dividend amount is based on having cash dividends accounted for 20% ~ 100% of the total dividends distributed in the current year. However, the actual distribution ratio will be adjusted depending on the actual profitability of the current year and the future capital planning.

2. The proposed dividend distribution in this shareholders meeting

The Company's 2022 earnings distribution proposal was approved by a resolution of the

Board of Directors on March 22, 2023, with the cash dividend of NT$2.01 per share for a total of NT$324,721,741, and awaits submission to the 2023 annual shareholders' meeting.

3. The expected significant changes in the dividend policy: None.

(VII) The impact of the stock dividend proposed in the shareholders meeting on the company's operating performance and earnings per share

The Company's 2022 earnings distribution proposal was approved by a resolution of the Board of Directors on March 22, 2023, with a cash dividend of NT$2.01 per share to be distributed; no stock dividends are consequently to be distributed and there will be no resulting impact.

(VIII) Remuneration to employees, directors, and supervisors

1. The percentage or scope of remuneration to employees, directors, and supervisors as stipulated in the Company's Articles of Association

If the Company makes a profit in the year (i.e. the net income before tax and before deducting the remuneration to employees and directors) after deducting the accumulated losses, should appropriate 0.5% or more of the earnings as remunerations to employees and 5% or less of the earnings as remunerations to directors. The aforementioned remuneration to employees and directors shall be resolved in the board meeting with the attendance of more than two-thirds of the directors and the consent of the majority of the attending directors, which should be reported in the shareholders meeting. The remuneration to employees is paid with stock shares or in cash. The employees of the subsidiaries who have met certain conditions are also entitled to the said remunerations. The Chairman is responsible for stipulating the remuneration distribution plan.

2. The estimation basis for the remuneration to employees, directors, and supervisors in the current period, the basis for the calculation of stock dividend to employees, and the accounting treatment for the difference between the actual distribution amount and the estimated amount

The estimation basis for the remuneration to the Company's employees and directors and the basis for the calculation of stock dividend are based on a certain percentage as stipulated in the Articles of Association, which are recognized as expenses and liabilities. When there is a significant difference between the distribution amount resolved by the Board of Directors and the estimated amount, it should be adjusted retrospectively to the profit or loss of the current year. When there is a difference between the actual distribution amount resolved in the shareholders meeting and the estimated amount, it should be adjusted to the profit or loss of the following year.

3. The distribution of remuneration resolved by the Board of Directors

(1) The amount of employees' remuneration and directors' and supervisors' remuneration distributed in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed.

This has been approved by a resolution of the Board meeting on March 22, 2023, but is yet to be submitted to the 2023 annual shareholders meeting.

The remuneration to employees, directors, and supervisors approved by the Board of Directors is as follows:

Distribution item	Amount (NTD)
Cash dividend to employees	190,000
Stock dividend to employees	None
Remuneration to directors and supervisors	5,600,000

The foregoing proposed remuneration to employees and directors and supervisors approved by the Board of Directors is not different from the estimated amount in 2022.

(2) The amount of stock dividend distributed to employees and its ratio to the net income and total remuneration to employees on the only or individual financial report.

The Company's remuneration to employees was approved by a resolution of the Board of Directors on March 22, 2023 without any stock dividend planned; therefore, it is not applicable.

4. The actual distribution of remuneration (including the distributed number of shares, amount, and stock price) to employees, directors, and supervisors in the previous year, and if it is different from the remuneration to employees, directors, and supervisors recognized, the amount of difference, the cause, and the handling of the difference should be detailed.

For the 2021 earnings distributions proposal passed by the shareholders meeting on June 15, 2022, the actual cash dividend and stock dividend to employees, and remuneration to directors and supervisors are as follows:

Distribution items	Amount (NTD)
Cash dividend to employees	198,854
Stock dividend to employees	None
Remuneration to directors and supervisors	5,600,000

The aforementioned dividend distribution is not different from the estimated amount in 2021 and the amount approved by a resolution of the Board of Directors on March 23, 2022.

(IX) The stock shares repurchased by the company:

None.

II. Bonds

(I) Corporate bond issuance

Type of corporate bond		The 4th domestic secured convertible corporate bond
Issuance (handling) date		August 4, 2020
Face value		NT$100,000
Place of issuance and transaction		Domestic
Issuance price		Issued at 101% of the par value
Total amount		NT$1,500,000,000
Interest rate		0%
Term		5-year Due date: August 4, 2025
Guarantee agency		First Commercial Bank CTBC Bank Taipei Fubon Bank
Trustee		Bank SinoPac
Underwriting institution		Fubon Securities Co., Ltd.
Certification Lawyer		Handsome Attorneys-at-Law Lawyer Yawen Qiu
Certification CPA		PricewaterhouseCoopers (PwC) Taiwan Yu-Fang Yen, CPA/Pei-Lin Tu, CPA
Repayment method		According to the provisions of Article 6 of the Rules Governing the Transfer of Corporate Bonds, except for that the holder of the convertible corporate bond has it converted into the common stock shares of the Company in accordance with Article 10 of the Rules, or the Company has it redeemed in advance according to Article 18 of the Rules, or has it redeemed from TPEx and canceled, the Company will pay in cash for 102.525% of the face value (actual yield rate 0.5%) of the convertible corporate bonds that are held by the bondholders at the maturity date.
Unpaid principal		NT$1,368,200,000
Redemption or early payment terms		Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Restrictions		Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Names of credit rating agencies, evaluation dates, corporate bond evaluation results		Not applicable
Other rights attached	Common stock amount, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the annual report printing date	Already converted to 2,723,109 common shares.

Type of corporate bond		The 4th domestic secured convertible corporate bond
	Issuance and Conversion (stock exchange or subscription) Rules	Please refer to the company’s 4th domestic secured convertible corporate bond issuance and conversion rules.
The issuance and conversion, stock exchange or subscription method, and the impact of the issuance conditions on possible dilution of equity and existing shareholders’ equity		When all remaining corporate bonds are converted into common stock shares based on the existing conversion price, an additional 28,267,012 shares must be issued, and the share capital expansion rate will be 17.16%, which will have limited impact on existing shareholders' equity.
Name of the depository agency for the exchange subject matter		Not applicable

(II) Convertible corporate bond information

Type of corporate bond		The 4th domestic secured convertible corporate bond		
Item \ Year		2021	2022	As of March 31 of the year
Convertible corporate bond market price	Max.	118.00	121.50	153.00
	Min.	106.05	107.00	111.20
	Average	111.31	114.90	134.05
Conversion price		50.9	48.4	48.4
Issuance (handling) date and conversion price at the time of issuance		Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9
Performance of conversion obligation		Issuance of new shares	Issuance of new shares	Issuance of new shares

(III) Exchangeable Bonds

None.

(IV) Shelf Registration for Issuing Bonds

None.

(V) Corporate Bonds with Warrants

None.

III. Preferred Stock Issuance

None.

IV. Global Depository Receipts

None.

V. Employee stock options and new restricted employee shares

(I) The outstanding employee stock options of the company and its impact on shareholder's equity

April 14, 2023

Type of employee stock options	First employee stock option in 2017
Effective filing date	August 24, 2017
Issuance (handling) date	April 13, 2018
Number of units issued	2,000 units
Ratio of shares to be subscribed to total shares issued	1.24%
Subscription period	7 years
Performance method	Issuing of new stocks
Restrict subscription period and ratio (%)	Subscriber with stock option for two years may exercise stock subscription rights according to the following schedule and ratio: Stock options Schedule Ratio (cumulative) 2 years 25% 3 years 50% 4 years 75% 5 years 100%
Number of shares obtained	1,533,750 shares
Shares amount obtained	NT$44,679,325
Number of shares not subscribed	367,750 shares
The price per share of shares not subscribed	NT$27.4
Ratio of shares not subscribed to total shares issued (%)	0.22%
Impact on shareholder's equity	The stock options can be exercised after two years from the issuance date. The original shareholder's equity will be diluted year by year, which will not have a significant impact.

(II) The names, acquisitions, and subscriptions of the managers with stock options and the top-ten employees with cumulative stock options for stock subscription as of the annual report printing date

1. The first employee stock option in 2017

April 14, 2023 Unit: NT$ thousands (unless otherwise stated); 1,000 shares

Job Title		Name	Number of shares obtained	Ratio of shares acquired to total shares issued	Implemented				Not Implemented			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued
Managers	General Manager	Pei-Lin Lee	210	0.13%	22.50 97.50	NT$30.5 (Note 1) NT$27.4 (Note 3)	3,357.75	0.07%	90	NT$27.4 (Note 3)	2,466	0.05%
	Executive director, Oncology Business Group	Yee-Min, Jen										
	Chief Operating Officer	Ming-Lun Lee										
	Chief Financial Officer	Yi-Chun Chen										
Employees	Vice President	Zhongming Zhuang	565	0.34%	101.25 98.25 151.75 135	NT$31.9 NT$30.5 (Note 1) NT$28.8 (Note 2) NT$27.4 (Note 3)	14,295.9	0.30%	78.75	NT$27.4 (Note 3)	2,157.75	0.05%
	Vice President	Mingfa Hsieh										
	Vice President	Fang-chin Chang										
	Junior Vice President	Minzong Zhuang										
	Special Aide	Guixiang Huang										
	Manager	ShiShon Sang										
	Manager	Shihong Dai										
	Manager	Suhua Luo										
	Assistant Manager	Wenbo Lu										
	Superintendent	Jiaxuan Wu										

Note 1: In response to the 2020 dividend distribution, the Company adjusted the employee stock option price from NT$31.9 to NT$30.5 on July 18, 2020 in accordance with the Company's Regulations Governing the Issuance of Employee Stock Options.

Note 2: In response to the 2021 dividend distribution, the Company adjusted the employee stock option price from NT$30.5 to NT$28.8 on August 3, 2021 in accordance with the Company's Rules Governing the Issuance of Employee Stock Options.

Note 3: In response to the 2022 dividend distribution, the Company adjusted the employee stock option price from NT$28.8 to NT$27.4 on July 19, 2022 in accordance with the Company's Rules Governing the Issuance of Employee Stock Options.

Note 4: The number of shares issued as of April 14, 2023 was 164,763,214 shares.

(III) Issuance of new restricted employee shares

The Company did not issue new restricted employee shares as of the annual report printing date.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

VII. Financing Plans and Implementation

The Company has no issuance of securities or outstanding private placement of securities, or the issuance of private placement of securities have been completed in the last three years without significant effect resulted as of the last quarter prior to the annual report printing date.

Five. Operational Highlights

I. Business Activities

(I) Business Scope

1. The Company: General investment industry

2. The Group

(1) Main content of the business

Engaged in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, medicines, and health supplements.

(2) Business ratio

Unit: NT$ thousands

Products	2022	
	Amount	Business ratio
Sales of equipment for radiation oncology and neurology	404,051	13.59%
Other sales	176,427	5.93%
Sales of medicines and health supplements	955,703	32.13%
Rental revenue	1,131,888	38.05%
Service revenue	273,533	9.20%
Other operating revenues	32,750	1.10%
Total	2,974,352	100.00%

(3) The Group's products (services)

① Products (services)

A. Distributed radiation oncology equipment brands: Elekta, PTW, Ashland, C-RAD, IBA, and Klarity Medical, etc.

B. Distributed neuroscience equipment brands: Elekta, Megin, Leica, Baxter, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical, and Advantech, etc.

C. Distributed medical imaging equipment brands: Swissray, etc.

D. Distributed ophthalmology equipment brands: Bausch+Lomb, Ellex, Leica, BVI, Wexler, Baxter, and Albomed, etc.

E. Vuno: Distribution of artificial intelligence (AI) medical solutions.

F. Distribution of Nippon Electric Glass Co., Ltd. lead glass for medical use.

G. Autonomously developed information system sales and cooperation: iROIS.

H. Maintenance, repair, technical consultation, system upgrading, and parts replacement of distributed equipment.

I. Collaboration involving equipment for radiation oncology, neuroscience, and medical imaging: Including medical equipment, instruments, consumables, information software and hardware, and other specific equipment collaboration for all divisions, site planning, radiation shielding calculation, radiation information consultation, and management services.

J. Ophthalmology equipment collaboration: Including medical equipment, surgical instruments, information software and hardware, and other specific equipment collaboration for hospital ophthalmology departments and ophthalmic clinics, site planning, information consultation, and management services.

K. Professional consulting: Provide relevant evaluations on the establishment,

procurement, and update of medical device and equipment, consultation on the establishment of relevant software and hardware for medical institutions, and consultation on the construction of large medical equipment.

L. Medicine sales: Supply of medicines needed by hospitals and pharmacies.

② Distribution product brand and item

A. Radiation oncology

Distribution brands	Products
Elekta	Radiation oncology digital linear accelerator MRI linear accelerator Image-guided radiotherapy Electronic medical information management system Computer treatment planning system Radiotherapy patient fixation equipment Ultrasound image-guided radiotherapy system Remote after-loading intracavitary brachytherapy system Intracavitary brachytherapy device X-ray simulator Integrated X-ray intracavitary brachytherapy special photography system Low-dose prostate tissue interstitial implantation treatment system
PTW	Radiotherapy quality confirmation equipment Radiological diagnostic quality confirmation equipment Radiation calibration measurement system equipment
Ashland	Self-display dose verification film for quality validation
C-RAD	Radiotherapy laser scanning instant positioning system
IBA	Proton therapy system
Klarity Medical	Radiation oncology patient peripheral equipment

B. Neuroscience

Distribution brands	Products
Elekta	Leksell gamma knife – stereotactic radiosurgery system Stereotactic radiosurgery system
Megin	Magnetoencephalography (MEG) system
Leica	Surgical microscope
Baxter	Operating table, surgical lamp, surgical column Patient positioning accessories during surgery Surgery-related smart products and solutions
IMRIS	MRI hybrid surgical theatre
Sony	NUCLeUS
Crownjun	Surgical sutures and instruments

CAScination	Stereotactic navigation system
Cyberdyne	Hybrid assistive limb
Medicapture	Medical image processing system
Microtek Medical	Surgical microscope sterilization set
Adventech	Smart medical products

C. Medical imaging

Distribution brands	Products
Swissray	Digital X-ray imaginary diagnostic system

D. Ophthalmology

Distribution brands	Products
Bausch+Lomb	Excimer laser system Corneal flap femtosecond laser system Cataract femtosecond laser system Corner template cutter
Ellex	Ophthalmoscope laser
Leica	Surgical microscope
BVI	Artificial intraocular lens
Wexler	Surgical microscopy instruments
Baxter	Handheld vision screener
Albomed	Artificial vitreous

(4) New products (services) to be developed by the Group

①Promotion of medical service collaboration (equipment collaboration and technology training and transfer).

② Expansion of the scope of application in cooperating medical departments at medical institutions.

③ Expansion of the scope of collaboration with chain pharmacies.

④ Development of irradiation business.

⑤ Development of elderly care business.

⑥ Entry into the veterinary care industry.

(II) Industry overview

1. The Company

The Company is an investment holding company. The subsidiaries of the Company are mainly engaged in medical equipment distribution, leasing, and services. Through the holding platform, the Company combines professionals and technical services in various medical fields and integrates logistics management operations to reduce operating costs, so business performance has been growing stably since its incorporation. The Company will continue to lead the industry and increase profits with an operating model of medical industry holdings, and become a leader in the medical service business internationally.

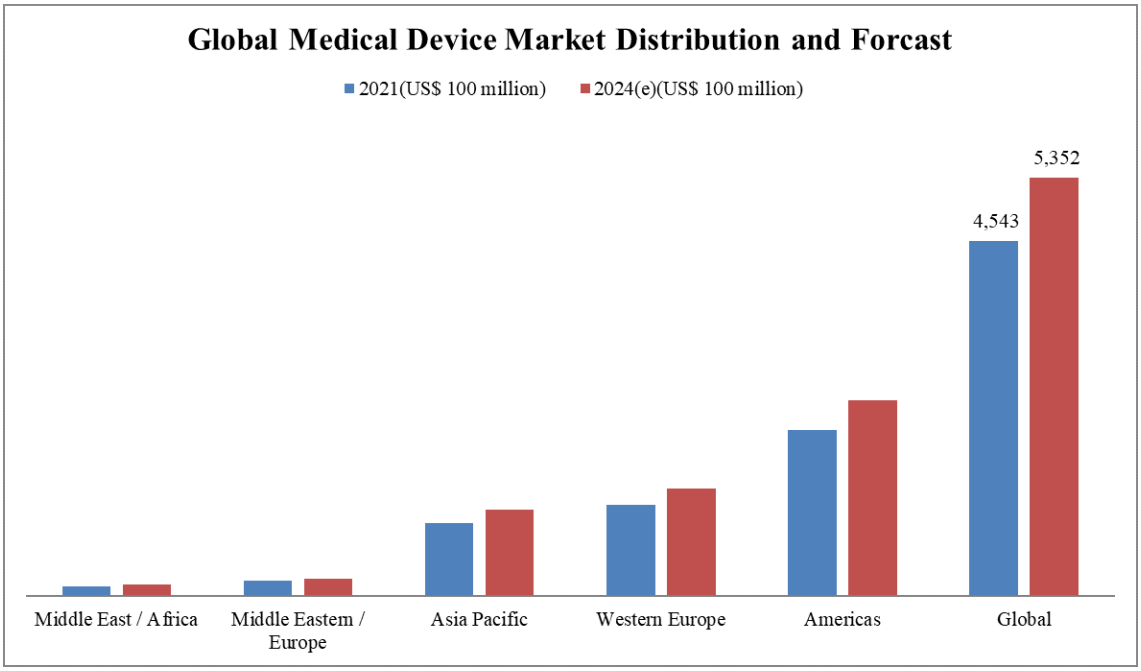
2. The Group

(1) Current status and development of industry

The medical equipment industry covers a wide range of products. The 2022 Medical Devices Industry Yearbook divides medical equipment into the categories of medical equipment for diagnosis and monitoring, medical equipment for surgery and treatment, patient aid equipment and prosthesis, equipment for in vitro diagnosis, and other medical equipment apart from items in the above categories in accordance with the Medical Device Act implemented on May 1, 2021 and the Medical Equipment Classification announced in 2000.

The Group organized by the Company and its subsidiaries focuses on the sale and collaboration of medical equipment for surgery and treatment, as well as the medical imaging equipment for diagnosis and monitoring. The radiation oncology equipment is mostly large medical device with relatively high technology aspect and mainly imported. For the sake of safety and accuracy of diagnosis, the brand has become the main consideration factor. Such products are usually subject to very high technological thresholds and, therefore, the relevant manufacturers are highly centralized. That is, the market is monopolized by few manufacturers.

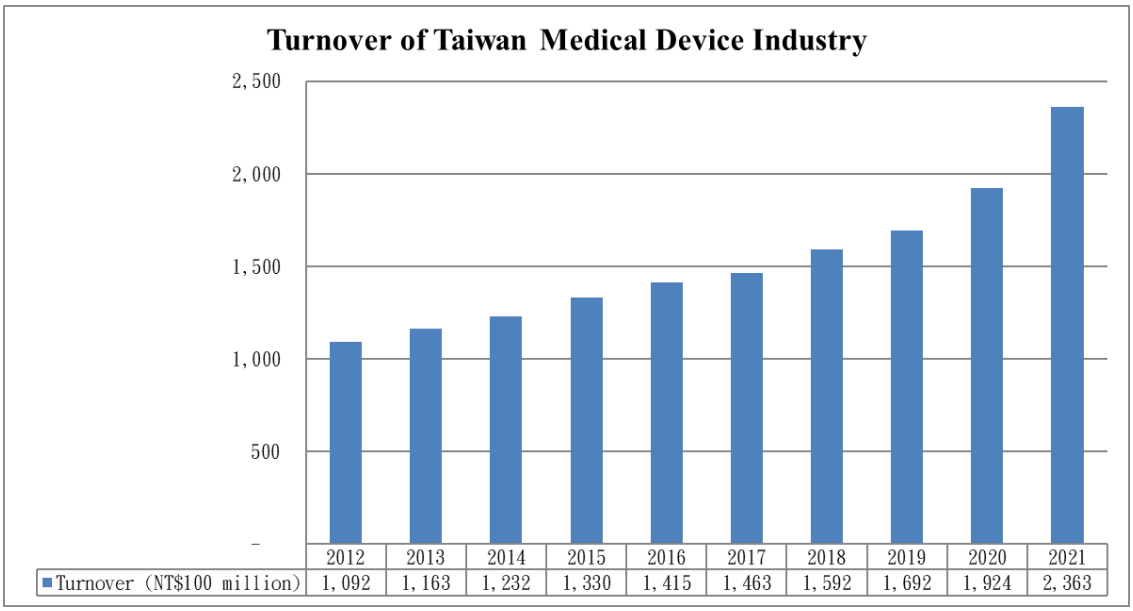
Since the types of technologies related to the production of medical devices include electronics, electrical engineering, biotechnology, biochemistry, medical engineering, measurement and chemical engineering, etc., the research and development period is long and the product validation and clinical testing are needed, especially high-end medical equipment requires precision technology. Product distribution requires a large amount of working capital, and the medical equipment license application is time-consuming. Regardless of whether engaged in production or distribution, the barriers to market entry are quite high. As far as the market is concerned, the medical equipment industry is deeply affected by government policies, and medical insurance payment policies directly affect market demand. Also, the medical product certification and medical insurance payment system are slightly different in each country, therefore it is difficult to enter the market. However, once a product is successfully introduced into the market, its potential profits are also higher than those of other industries due to the protection of patents and certifications and the long product life cycle.



The global medical device market (as shown above) had a value of US$454.3 billion in 2021 and is expected to reach US$535.2 billion in 2024. The compound annual growth rate (CAGR) from 2021 to 2024 will be approximately 5.6%. In terms of region, the overall top three markets consist of the Americas (46.7%), Western Europe (25.6%), and the Asia Pacific (20.5%). Benefiting from the global leadership of the United States' medical equipment market and the growing demand for medical care driven by the steadily increasing prevalence of chronic disease, Americas has long occupied a leading position in the global medical device market. Growth in both market size and proportion of Western Europe in 2021 compared with 2020 was mainly driven by the demand for epidemic prevention. In the post-Covid period, Western Europe will continue to be influenced by demographic aging. As its elderly population continues to increase, Western Europe's medical device market is expected to continue to occupy a leading global position. Thanks to multiple drivers of growth, including a lack of medical resources due to the pandemic, increasing medical care needs of aging populations, and the growth of emerging markets, the Asia-Pacific has long been the third largest market, and the medical device market in the Asia Pacific region has considerable development potential.

With regard to the medical device market in Taiwan, total turnover in 2021 was approximately NT$236.3 billion (as shown below), which represented an increase of 22.8% compared with the NT$192.4 billion in 2020. This growth rate has remained the highest during the last ten years, and its CAGR from 2012 to 2021 was as high as 9.0%, which indicates the strong long-term performance of Taiwan's medical equipment market. In view of the continued aging trend and rapidly growing elderly population, the number of people with medical needs will grow steadily, and demand for medical equipment will also increase continuously. At the same time, the technological level and complexity of medical equipment will also increase with the development of new technologies, expecting to cause the unit price of medical equipment to rise while creating market

opportunities. The medical equipment industry is consequently one of Taiwan's industries with major development potential.



Source: 2022 Biotechnology Industry in Taiwan

According to data from the 2022 Medical Devices Industry Yearbook imported medical equipment in Taiwan with a value of NT$90.6 billion in 2021, which represented a slight 1.8% decrease compared with 2020. This negative growth is attributable to the fact that most imported products consist of leading-brand high-end medical device products from the advanced countries, and are chiefly imported from Europe, Japan, and North America. However, most manufacturers of high-end medical devices faced shortages of semiconductor and electronic elements in 2021, which affected product output and caused the value of such products imported by Taiwan to decrease. Now that the world is gradually escaping the impact of Covid-19, since many high-end medical devices cannot currently be manufactured independently in Taiwan (such as radiation oncology equipment, high-end medical imaging equipment, and surgical treatment equipment, etc.), unless Taiwan's industrial structure undergoes a large-scale transformation, it is expected that Taiwan's medical equipment imports will resume a growth trend. Although the size of the domestic market is not as large as that of Europe and the United States, the domestic market demand and per capita medical supplies consumption are increasing year by year due to the aging population structure and the expectation of the public in medical care quality. In particular, with the aging population and the increasing demand for medical care driven by the increase in chronic diseases, under the healthcare system, the demand for overall medical resources is significant, the public's demand for medical quality and services has increased, and the growing demand for self-funded plastic surgery and ophthalmology, the demand for imported high-end novel medical supplies is also quite high. With the growth of domestic demand, it is expected that the growth of imported medical supplies will continue to grow in the future.

With regard to the Chinese medical equipment market, in 2021, China's medical equipment market was valued at US$33.02 billion, which was an increase of 13.5% from 2020. China's medical equipment market has now surpassed the Japanese market to become the third-largest market in the world and the largest market in Asia. In the future, with the reform of China's medical policy and the investment of relevant medical resources, the overall medical market demand in China will continue to expand, and this is expected to drive the growth of the medical device industry. Supported by government policy and demand from the huge domestic market, the Chinese medical equipment market is estimated to reach US$40.92 billion in 2024, with a CAGR of 7.4% from 2021 to 2024. Growth is thus expected to be quite strong in the Chinese market.

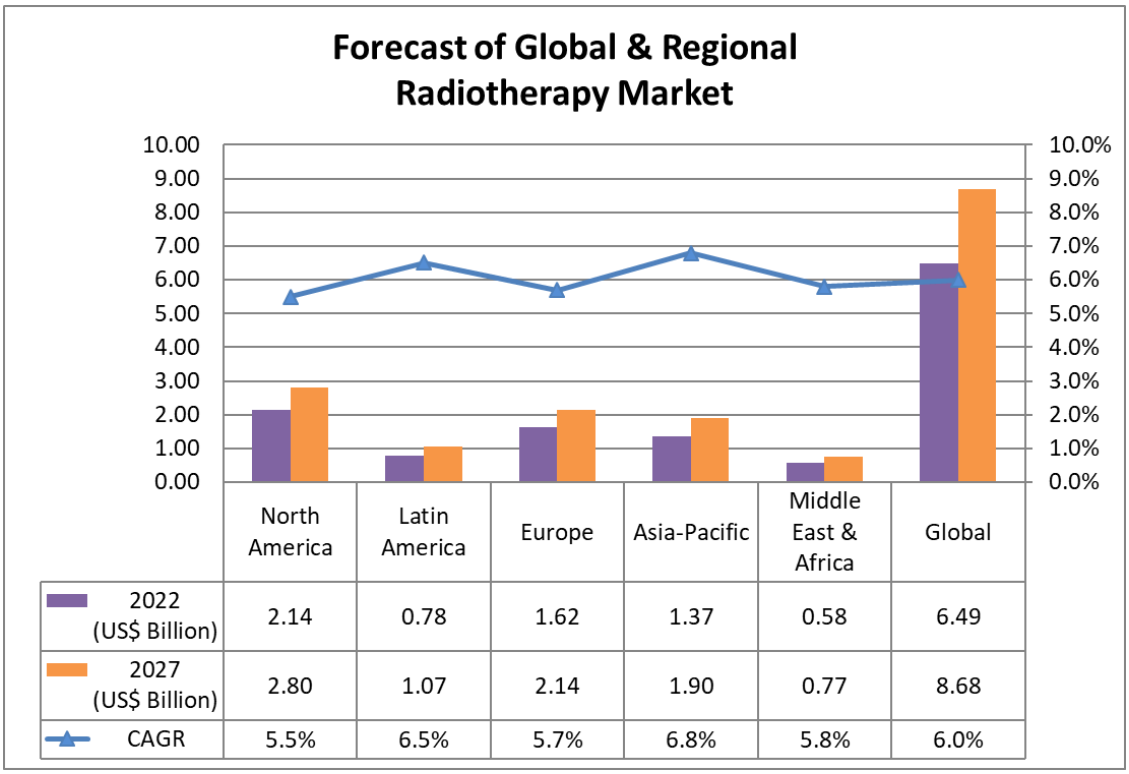
As for the Indonesian market, this country has a population of 270 million, making it the largest in Southeast Asia and the fourth largest country in the world. Furthermore, Indonesia began implementing a national health insurance program (BPJS) in 2014, and is gradually emerging as a presence in the international medical market. According to medical quality and medical expenditure indicators in the 2019-2021 Medical Devices Industry Yearbook, the number of hospitals in Indonesia has grown from 2,269 to 3,504 during the most recent three-year period, which represents a CAGR of close to 25%. In addition, Indonesia's per capita medical expenditures have similarly increased from US$143.7 to US$170.2 during the most recent three years, and medical expenditures as a share of the country's GDP have risen from 3.7% to 4.3% during the same period. In view of the gradual spread of health insurance in Indonesia, people's steadily growing emphasis on healthcare, and the country's huge domestic market, Indonesia will require the rapid deployment of medical resources, and it can be expected that its medical equipment market has high growth potential.

The medical equipment industry is with a wide range of products and detailed classifications. The Group currently focuses on the sale and collaboration of medical equipment and consumables for radiation oncology, neuroscience, medical imaging, and ophthalmology. It is hereby stated as follows:

①Radiation oncology and neuroscience

A. State of the global radiotherapy market

As shown in the chart below, Market Data Forecast anticipates that the global radiotherapy market will grow from US$6.49 billion in 2022 to US$8.68 billion in 2027, which represents a CAGR of 6.0%. Factors driving the growth of the radiotherapy market include increasingly advanced and precise technology, the continued increase in the incidence of cancer worldwide, the preference for non-surgical treatment approaches, and the replacement of equipment by hospitals and clinics in pursuit of even better therapeutic quality.



	North America	Latin America	Europe	Asia-Pacific	Middle East & Africa	Global
2022 (US$ Billion)	2.14	0.78	1.62	1.37	0.58	6.49
2027 (US$ Billion)	2.80	1.07	2.14	1.90	0.77	8.68
CAGR	5.5%	6.5%	5.7%	6.8%	5.8%	6.0%

Source: Market Data Forecast

With the rapidly advanced technology in treating cancer and increasing cancer patients, North America is expected to remain a market leader by region, with a market value accounting for over 30% of the global market value, followed by Europe, Asia-Pacific, Latin America, the Middle East & Africa in that order. Among these areas, the Asia-Pacific region has benefited from the growing maturity of its medical infrastructure and increasingly mature policies in various countries. In addition, in consideration of the increasing occurrence of cancer, the Asia-Pacific market is expected to have the strongest growth during 2022 to 2027, and its projected CAGR of 6.8% will be much higher than the global average. This market is consequently expected to have a bright future.

B. Share of the global radiotherapy system equipment market

The global radiotherapy equipment linear accelerator market is an oligopoly. The two major manufacturers, the Swedish brand Elekta and the German company Siemens' brand Varian, have together captured a nearly 90% share of the global market. Further analyzing the market share, Varian has an advantage in America, and the two brands share the European market and Asian market almost equally.

In addition to the linear accelerator that is currently popular in all advanced countries, Elekta and Philips have collaborated to create the world's first MRI linear accelerator. The head is mounted in a ring-shaped device that shields the magnetic field, avoiding the interference of magnetic field on the accelerator head. Under the circumstance, physicians are able to obtain clear MRI images in radiotherapy that help improve treatment accuracy. Moreover, MRI images have advantages over CT imaging in soft tissues and can avoid unnecessary medical radiation. Therefore, it is an exclusive product quite competitive in market. Presently, the Group has included the product portfolio for active promotion.

In addition, proton therapy has been gradually introduced in recent years. The advantage of proton therapy is that it can effectively damage cancer cells while reducing

the damage to normal tissues. When proton rays pass through the tissues, only less energy is released on the path of crossing when reaching the specific depth where the tumor is located with a large amount of energy released to fight the cancer cells and to significantly reduce the amount of radiation received by the normal tissues behind the tumor. At the same time, the doctor can arrange a customized treatment plan for each patient according to his/her physical condition and treatment needs in order to effectively improve the cure rate and reduce the treatment-related side effects, which is a piece of great news for all cancer patients.

According to data issued by Precedence Research, in the wake of a steady increase in patients suffering from cancer, apart from assessing the effect of treatment, increasing attention is being paid to the impact of different radiotherapy technologies on patients' quality of life. In view of the fact that proton therapy has a high cure rate and mild side effects, it is expected that this therapy will play an increasingly important role in cancer treatment. As a consequence, it is projected that the proton therapy market will grow from US$450 million in 2021 to US$1.90 billion in 2030, which represents a CAGR of 17.29%. It is clear that this market still has huge room for growth.

At present, the mainstream domestic equipment suppliers consist of Elekta, Siemens' brand Varian, and Accuray. The Elekta linear accelerator distributed by the Group has a nearly 50% market share in Taiwan, which outperforms the main competing brand, Varian. Also, in recent years, Elekta has become the first choice of domestic hospitals seeking to replace their existing equipment. Elekta is actively engaging in R&D, and has successfully developed the world's first MRI linear accelerator. The Group currently has an exclusive distributorship for this product in the Taiwan market. This indicates that, in view of customers' purchasing considerations, the products distributed by the Group in the Taiwan market are highly competitive. If all the brands of radiotherapy devices distributed by the Group are calculated as a whole, CHC possesses a domestic market share of close to 60%. This also shows that the Group is a major distributor of radiation oncology equipment in Taiwan.

In recent years, the Group has also actively promoted the precision medicine – proton therapy system. The Group hopes that by introducing high-end medical equipment and technical services, the public will be able to enjoy more precise treatment, more adequate medical resources, and higher quality medical services in order to improve the overall health and well-being of the citizens. The IBA equipment sold by the Group is used by more than half of the patients receiving proton therapy worldwide. The Group is relying on a dual business model of sales and medical management to introduce branded products in Taiwan's medical market.

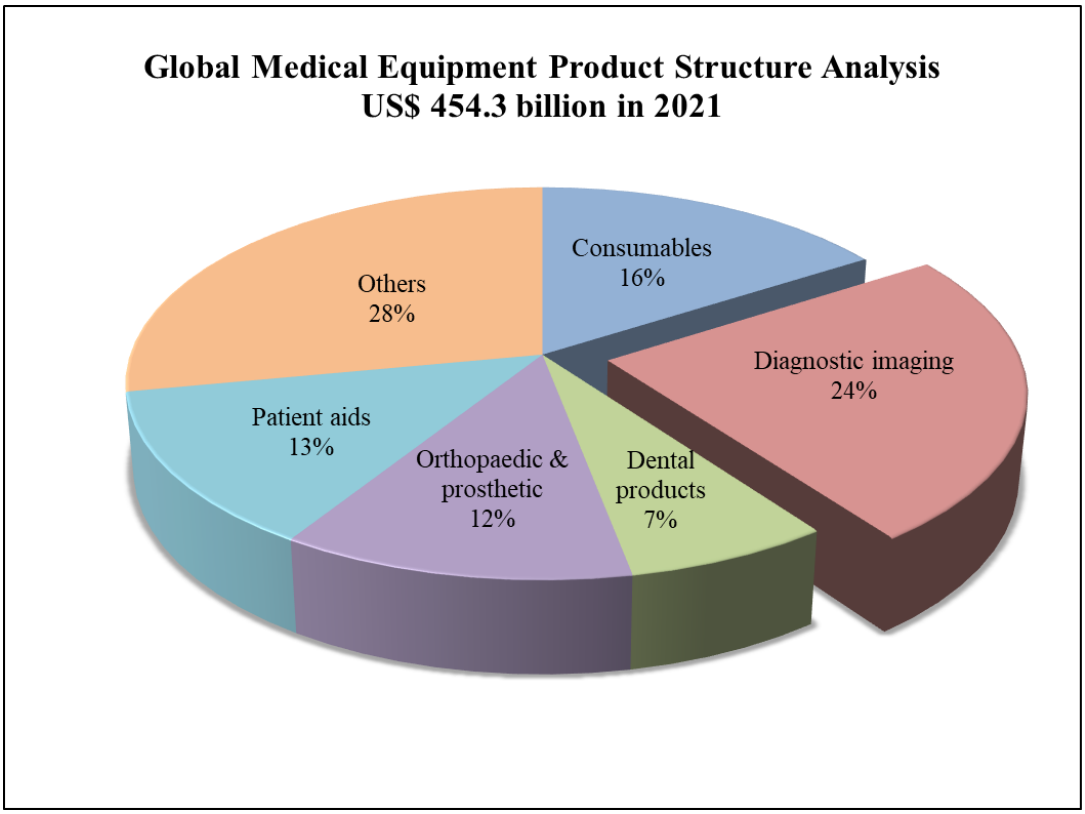
As far as the different types of radiation oncology equipment are concerned, the products distributed by the Group include radiation oncology linear accelerators and the TomoTherapy system, as well as the auxiliary equipment, such as Leksell gamma knife and treatment planning system, and the proton therapy system and the MR-Linac introduced in recent years. The product lines provided by the Group are quite complete in depth and breadth and should be able to meet domestic market demand.

②Medical imaging

A. Overview of the diagnostic imaging market's development

BMI Research has medical device products divided into six categories, namely consumables, diagnostic imaging, dental products, orthopedics and prosthetics, patient aids, and others.

As shown in the figure below, while the category "Others" of the accounted for the highest proportion of the global medical equipment market in 2021, this was not a single unitary category, but a large assortment of many items. As the largest single category, diagnostic imaging products accounted for 24% of the market, which indicates that market demand for this type of product is very great. Diagnostic products include radiation diagnostic imaging equipment such as X-ray machines, computed tomography (CT), and positron emission tomography (PET), and also include such non-radiological diagnostic imaging equipment as medical ultrasound scanners and magnetic resonance imaging (MRI) equipment. In addition, the parts, accessories, consumables, etc. of diagnostic imaging equipment are also within the scope of such products.



Source: 2022 Medical Devices Industry Yearbook

According to the classification and grading of medical equipment in Taiwan, the medical imaging products distributed by the Group include medical imaging equipment for diagnosis and monitoring, such as devices used to capture images of the internal structure of the body with non-invasive technology, including ultrasound imaging equipment, computer tomography (CT), X-ray machines, and MRI, etc. Because this type of equipment has an extremely high technological threshold, it is still generally imported in Taiwan. According to the 2022 Medical Devices Industry Yearbook, medical imaging devices accounted for as much as 71.7% of the total import value of diagnostic and monitoring medical equipment in 2021. In view of such devices' prevailing high

cost and major influence on diagnostic decision-making, hospitals and clinics typically prefer to purchase well-known international brands as a first priority. As a consequence, the medical imaging device market is dominated by GE, Philips, and Siemens.

The medical imaging devices distributed by the Group include major international brand computed tomography (CT) systems, MRI systems, nuclear medicine imaging systems, positron emission tomography (PET) systems, and mammography systems, etc. The Group offers a complete product line, as well as extensive technical support and after-sales service. The need for relevant product development strategies and all-round medical management services comprises a high barrier to entry for late-coming firms.

B. Diagnostic imaging market development trends and strategies

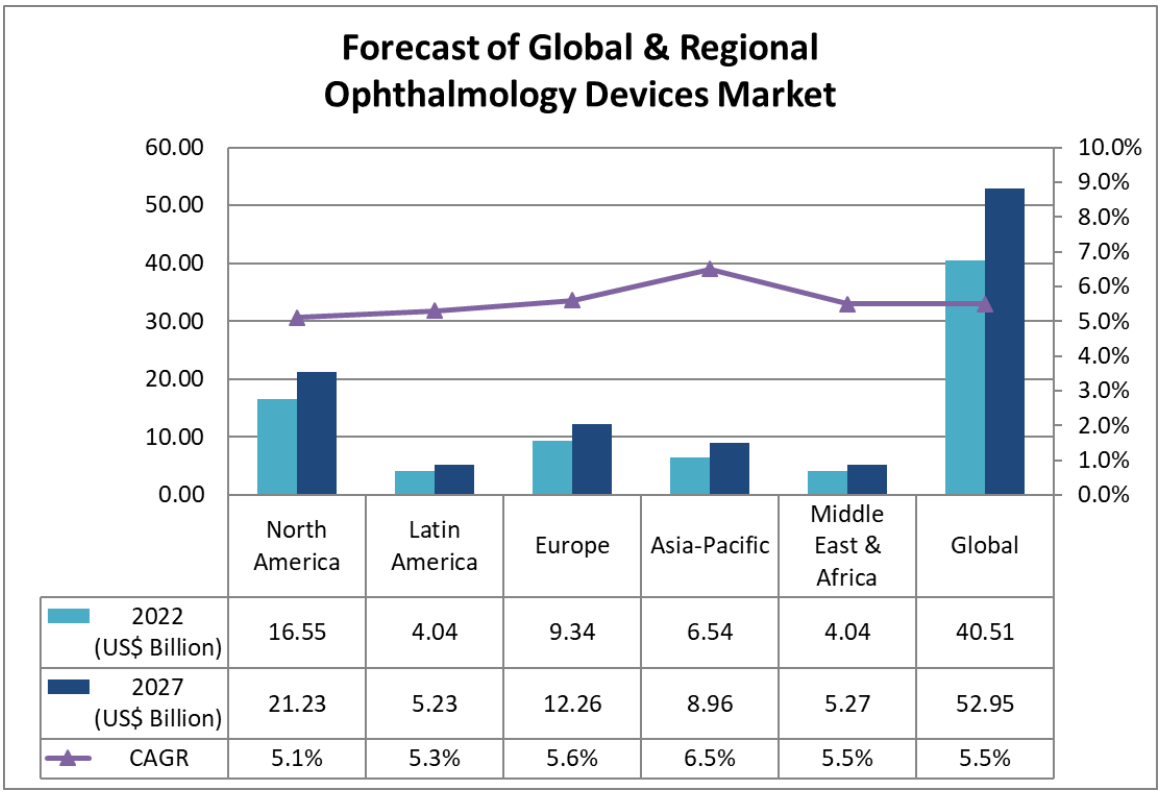
(A) Technology trends – Equipment integration (positron emission tomography combined with computed tomography, positron emission tomography combined with nuclear magnetic resonance), low-dose, portable/mobile, special-purpose equipment development, etc.

(B) The specification upgrading drives the use of medical imaging equipment by different departments. In the future, special-purpose devices will continue to be introduced, such as equipment for breast surgery, rehabilitation, plastic surgery, dentistry, and general surgery. The demographic aging trend will also drive demand for medical diagnostic imaging equipment.

(C) Toward intelligence, coupled with such emerging technologies as AI and big data to assist professional medical decision-making, improve diagnostic efficiency and realize precision medicine.

③Ophthalmology

Due to the prevalence of 3C products and the trend of aging population, in recent years, in addition to the myopia and presbyopia found in young generation, the problems and diseases caused by aging have also increased. Ophthalmology has become one of the star industries under the trend. Market Data Forecast has projected that the value of the global ophthalmological device market will grow from US$40.51 billion in 2022 to US$52.95 billion in 2027 (as shown below), which represents a CAGR of 5.5%. The growing number of people with such commonly seen eye diseases as cataracts, refractive error, and glaucoma can be expected to drive the growth of the therapeutic equipment market. If analyzed by region, the Asia-Pacific ophthalmology device market is expected to have the highest CAGR (6.50%) during the period from 2022 to 2027, and market value is expected to grow from US$6.54 billion in 2022 to US$ 8.96 billion in 2027.



	North America	Latin America	Europe	Asia-Pacific	Middle East & Africa	Global
2022 (US$ Billion)	16.55	4.04	9.34	6.54	4.04	40.51
2027 (US$ Billion)	21.23	5.23	12.26	8.96	5.27	52.95
CAGR	5.1%	5.3%	5.6%	6.5%	5.5%	5.5%

Source: Market Data Forecast

Commonly seen eye disorders in Taiwan include myopia, cataracts, and glaucoma. According to the results of a health survey conducted by the Health Promotion Administration, Ministry of Health and Welfare, the percentage of persons suffering from myopia and astigmatism prior to the age of 24 rises with age, and out of 100 persons in the 18-24 age group, 73 have myopia, and 42 have astigmatism. The incidence of myopia and astigmatism gradually decrease after the age of 25, but more than one-half of individuals begin to have presbyopia after the age of 40, and close to 30% suffer from cataracts after the age of 65.

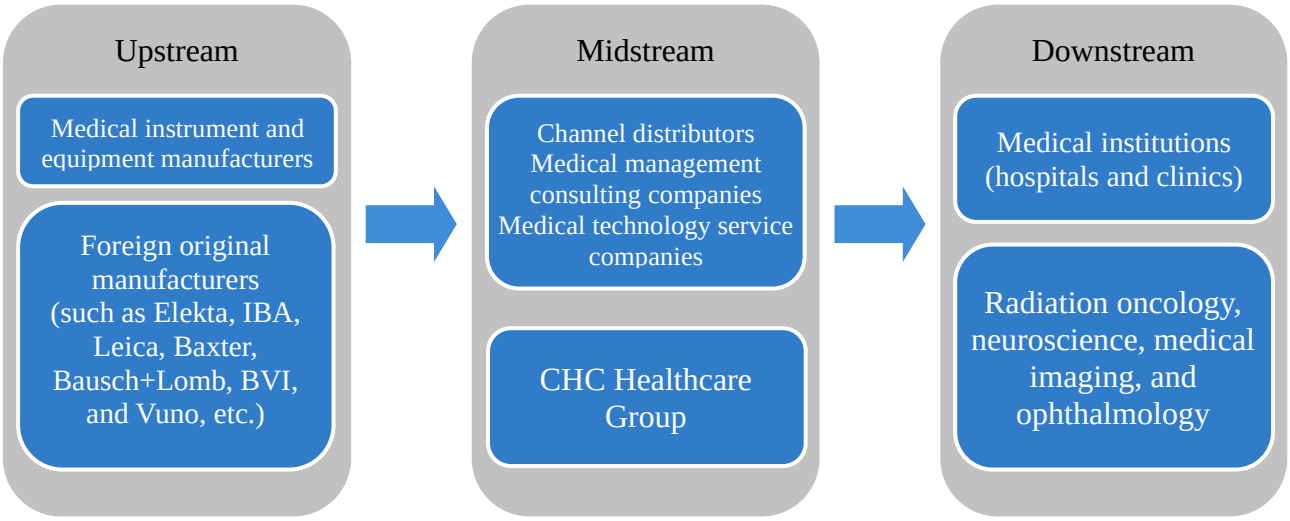
Many types of statistical data reveal the rising incidence of eye disorders in Taiwan, which are occurring at increasingly young ages. These trends are warning signs for the people of Taiwan. Many vision problems become more common with age, and may gradually become irreversible. Therefore, how to effectively prevent eye disorders, find them promptly, and correctly treat them as early as possible has become an important public issue. If patients do not correct or treat such disorders as early as possible, they are very likely to subsequently suffer from complications, such as peripheral retinal variation. For instance, if myopia is left untreated and uncorrected for an extended time, it may lead to glaucoma, macular degeneration, or even blindness or severe disability.

The Group distributes a full-range ophthalmic product lines. Patients may make choices subject to their own condition and the ophthalmologist’s suggestion. The Group provides products including excimer laser system, cataract femtosecond laser system, ophthalmoscope laser, surgical microscope, artificial intraocular lens and vitreous. In recent years, the Group has also successfully introduced the handheld vision screener, which may help ophthalmologists discover the vision problems of pre-school children early and rapidly in an easier way, shortening the hours spent in the vision check largely, and benefiting the promotion of nationals’ vision care.

(2) Correlation between the industry's upstream, midstream, and downstream sectors

As indicated below, the midstream distributors can make up for the upstream medical equipment manufacturers’ insufficient marketing network and regional maintenance services,

so that they can concentrate on the design, research and development, and production of medical device and equipment. In addition, the channel dealers through the comprehensive distribution network covering the market can construct a most cost-effective marketing channel, save marketing expenses, and help them quickly enter the market and increase market share. For downstream medical institutions, midstream distributors can quickly provide the medical equipment and technology they need to reduce associated costs and reduce operational risks. In general, the midstream channel dealers integrate the demands of the downstream medical institutions to purchase from the upstream manufacturers, through the division of labor of the upstream, midstream, and downstream industries in order to effectively improve the operational efficiency of the overall medical equipment industry with the flexible inventory management and diversified brand distribution adopted.



(3) Various product development trends

①Medical equipment technology development trends

A. A high degree of digitization: The combination of medical device technology and electronic information, bio-engineering precision manufacturing, new materials, and other technologies into emerging high-tech medical device applications, and the need to integrate with other medical devices in medical workplaces through network transmission is growing and becoming the main trend in the development of the medical equipment industry.

B. Minimally invasive surgical equipment: Medical devices have been evolving from traumatic (invasive) surgery to minimally invasive surgical equipment or other new technologies, and this trend has been reflected in devices used for cancer treatment, neurosurgery, and ophthalmic presbyopic laser correction surgery. Due to the advance in technology, much conventional inpatient surgery may eventually be replaced by outpatient therapeutic methods.

C. Innovative medical equipment with revolutionary development potential: The medical industry has developed along with the rapid development of technologies, such as MR-Linac, compact proton therapy systems, MRI hybrid surgical theatre, hybrid assistive limb, and excimer laser systems. These devices are different from the framework of traditional diagnosis and treatment. The production of equipment requires more advanced technology and future development is expected.

D. Medical equipment with artificial intelligence functionality: More and more medical devices with artificial intelligence (AI) functions have been approved and introduced in recent years. Medical devices with AI functions can receive large amounts of data, and automatically analyze and assess such data while providing service, which can

effectively assist in medical decision-making, optimize service processes, and enhance the relationship between medical personnel and patients.

②New trends in the development of radiotherapy technology

In recent years, radiation physics, radiation biology, and computer technology have been developed rapidly, with a focus on newer radiotherapy technology developments and more accurate tumor localization. The former is mainly in the pursuit of more advanced methods of irradiation (such as the use of better physical sources of radiation, or the development of more complex radiation techniques) to achieve dose concentration, and the latter is to reduce the uncertainty of treatment during irradiation (such as correct positioning of the target position of the irradiated tumor).

The radiotherapy equipment distributed by the Group has evolved with the current global market and covers the latest radiotherapy technologies and functions described, for example, IMRT, IGRT, VMAT, PBS, etc. The Group is also actively introducing the latest international treatment equipment, such as proton therapy systems, MR-Linac, etc., and expects to improve the quality of Taiwan's medical treatment and benefit more patients through the introduction of new technologies and products.

③E-management of oncology records

Today, hospitals have moved towards informatization (computer and network technology), and oncology medical care requires the establishment and management of electronic information systems while integrating Picture Archiving and Communication System (PACS) to provide better therapeutic quality. Elekta provides such solution needed, MOSAIQ, an integrated electronic medical record system for the course of radiation oncology for each patient, including basic information, medical history and diagnosis at the outset, therapeutic prescription dose given by the doctor, treatment plan and medical imaging, as well as the cumulative dose during treatment, etc., so the doctor can browse the patient’s treatment situation on the computer at any time.

In addition, the Group has successfully developed the Integrated Radiation Oncology Information System (iROIS), as an information platform allowing customers to integrate clinical patient treatment information between Hospital Information Systems (HIS) and Oncology Information Systems (OIS) employing radiotherapy. iROIS can also provide many warning and reminder functions, simultaneously boost clinical working efficiency and improve patients’ safety, and effectively optimize radiation oncology operating procedures.

④Medical equipment collaboration and medical management services

The demand for large-scale medical device and equipment in Taiwan has increased year by year, and the acceptance of equipment collaboration has been increasing. The medical collaboration products provided by medical equipment dealers have become more extensive, and the scale of operations has also expanded. In addition to the medical device and equipment collaboration service provided, the Group in response to customer needs, such as site planning, construction, business consulting, education and training, repair and maintenance, upgrade services, etc., has further developed a full range of integrated services with increasingly diversified and comprehensive services provided.

While stabilizing the Taiwanese market, the Group will also export its proud medical management services to China and Southeast Asia. The services will range from the most basic medical device and equipment collaboration and business consulting to the management service of individual department and even the entire hospital. The initial target customer is mainly based on local large-scale medical institutions, and the Group expects to penetrate overseas markets by taking advantage of its own soft power. The medical

management service not only provides all the medical equipment required by each department of the medical institution in order to eliminate the problem of integration efficiency on different systems, but also supports the education and training of equipment in various medical institutions at any time, providing professional skills or the planning of the medical staff training courses to deepen the dependence of the customer.

(4) Competition

①Distribution of medical equipment (radiation oncology, neuroscience, medical imaging, and ophthalmology)

The medical products distributed by the Group are mostly manufactured by renowned large manufacturers in Europe and the United States, and are the leading brands in the world. In addition to the professional R&D team and the clinical test reports and academic papers of renowned foreign medical centers, the manufacturers have obtained EU CE certification, US FDA license and TFDA license from the Ministry of Health and Welfare with the relevant supporting documents made available. At present, competitors' products in the market are mostly limited to a few non-mainstream models, which are difficult to obtain customer recognition. Also, the competitor's brands are facing the dilemma of not having new functional models from the foreign manufacturers. Therefore, they are unable to compete against the leading brands with R&D capabilities that are distributed by the Group.

②Medical equipment collaboration and medical management services

The general leasing companies in the industry are mostly with financial backgrounds. The main operations are loaning funds, and the leasing projects are for factory equipment, aviation equipment, and general vehicles, etc. Currently, there are renowned large-scale leasing companies in the market, including Chailease, Hotai, and ORIX, but they are not specialized in medical equipment rental, and thus lack of professional integration services. The Group provides professional services to meet the needs of hospitals and clinics by not only providing medical equipment but also offering technical support from our technical team which is certified by the original manufacturers. The Group also provides the finest care and maintenance services, which ensure that the medical equipment provided to customers operates accurately. Furthermore, the Group has a stable financial situation and excellent long-term relationships with correspondent banks, which will ensure that it can provide customers with suitable collaboration arrangements.

(III) Technology and R&D Overview(A listing of research and development expenditures as well as technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.)

1. The Company

The Company is an investment holding company and is not engaged in technology and research and development.

2. The Group

The Group is not in the manufacturing industry and therefore does not have a dedicated R&D department. However, since 2018, the Group has participated in an industrial upgrading innovation platform assistance project under a technology research and development program funded by the Ministry of Economic Affairs: "IROIP (Integrated Radiation Oncology Information Platform) Development Program" which seeks to develop an information platform capable of integrating patient information in hospitals' medical information systems with

patient treatment information in radiotherapy information systems. This project was completed in 2020, and the resulting "Integrated Radiation Oncology Information System (iROIS)" has been put on the market. Since this project has been completed, there were no relevant R&D expenditures in 2021 or 2022.

(IV) Long-term and short-term business development plans

1. The Company

The Company is an investment holding company. Its subsidiaries are mainly engaged in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, medicines, and health supplements. Long-term and short-term business development plans therefore reflect the Group as a whole. Please refer to the following.

Engages in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, medicines, and health supplements.

2. The Group

(1) Short-term business development plan

①The Group combines the two business models of sales and medical management services to promote the high-end medical instruments and equipment it distributes. This has enabled it to expand the scale of its medical instrument and equipment channels, strengthened its service technology and quality, and boosted the market share of its products.

②The Group is promoting the traditional Chinese version iROIS integrated radiation oncology information system it has independently developed, and has increased the market share of this product in Taiwan. The Group is also actively developing different language versions able to help the product penetrate overseas markets.

③The Group continuously trains its professional technical team and expanding its medical management services at home and abroad, and is also relying on more timely and effective services to upgrade medical quality. The Group aims to become the best choice for customers interested in collaboration, which will generate long-term stable revenues for the Group.

④The Group is continuously introducing the latest medical equipment and technologies, and seeking to distribute products needed by various medical specialties. It hopes to thereby develop diversified product sales and provide more comprehensive and multi-faceted medical technologies and services.

⑤The Group is relying on the integration of resources to accelerate expansion of its chain pharmacy channel, and is employing its medical industry channel experience to enhance the size and level of its physical and online pharmacy channels.

(2) Long-term business development plan

①The Group is expanding its business operations into Asia-Pacific medical markets, integrating upstream and downstream medical resources, marketing the most complete product lines, and continuously improving its high-value-added medical technologies and services, so as to lay the foundation for its medical services leadership in the Asia-Pacific region.

②Externally, the Group is continuously introducing highly competitive new products to expand its service channels and increase strategic partners, and thereby achieve greater economy of scale;internally, the Group is focusing on resource integration as a means of improving business performance and staying ahead of the rest of the industry.

③The Group has gotten involved in the irradiation business, introduced systems from well-

known international brands, and provides photon/electron irradiation services, while emphasizing safety, high performance and no residues. It has become the first vendor in Taiwan to offer irradiation technology in line with a sustainable utilization ethos.

④The Group is developing its long-term care business, which includes elderly fitness, daytime care, elderly-friendly residential housing, and residential institutions, with a focus on preventive medicine and continuous care, reduction in the time spent by the elderly in bed, and helping seniors enjoy healthy, independent, and happy lives.

II. Market and Sales Overview

(I) The Company

Not applicable

(II) The Group

1. Market analysis

(1) Sales (supply) area of major products (services)

Unit: NT$ thousands; %

Sales area	2021		2022	
	Amount	Ratio	Amount	Ratio
Taiwan	2,381,216	97.61	2,869,079	96.46
China	48,855	2.00	95,867	3.22
Others	9,493	0.39	9,406	0.32
Total	2,439,564	100.00	2,974,352	100.00

(2) Market share

The market shares of the main products distributed or sold by the Group in Taiwan are as follows:

Product Items	Distributed brands	Market share
Radiation oncology equipment	Elekta and other	≥ 55%
Intracavitary brachytherapy systems	Elekta Nucletron	≥ 80%
Water phantom radiation quality measurement certification system	PTW	≥ 70%
Neural radiosurgery system	Elekta Gamma Knife	≥ 60%
Surgical microscope – neuroscience	Leica	≥ 70%
Imported brand multifunctional surgical bed	Baxter	≥ 25%
Surgical microscope – ophthalmology	Leica	≥ 50%
Excimer laser system	Bausch & Lomb	≥ 50%
Multi-focal/ multi-focal astigmatism artificial intraocular lens—Self-paid	BVI	≥ 15%

(3) Market supply and demand and growth in the future

①Market supply and demand changes in the future

With regard to the medical equipment market in Taiwan, overall turnover in 2021 was approximately NT$236.3 billion, and the market has grown continuously in the last ten years. The CAGR from 2012 to 2021 was 9.0%, and the 2021 annual growth rate of 22.8% was the highest in the past decade. In terms of population, Taiwan had a population of 23.38 million as of the end of 2021, with an average life expectancy of 80.86 years, of which 77.67 years for males and 84.25 years for females. These average

life expectancies have reached new highs, and are higher than the global averages by 7.5 and 9.3 years respectively. Taiwan formally became an "aged society" in 2018 (when the proportion of people over 65 years of age exceeded 14%). At present, the trend toward a lower birth rate has resulted in negative population growth. Factors such as the low birth rate and loss of working population are indirectly increasing the rate of demographic aging, and the proportion of the population over 65 years of age reached 16.9% in 2021. It is expected that Taiwan will become a "super-aged society" by 2025, at which time the elderly population will exceed 20%. As the average life expectancy increases, the elderly population increases year by year, the rate of chronic diseases gradually increases, and demand for medical resources also steadily rises.

A. Radiation oncology and neuroscience

According to the data of the Ministry of Health and Welfare, a total of 184,172 persons died in 2021, of whom 51,656 persons died from malignant tumors, and accounted for nearly 30% of the total deceased. Malignant tumors have thus continued to be in first place among the top ten causes of death in Taiwan. This indicates that the treatment of malignant tumors has become one of the most serious medical challenges in Taiwan. According to the statistics up to the end of 2021, there was a total of 478 hospitals in Taiwan, among which only 97 hospitals have radiation oncology department setup, but there are 144 hospitals with more than 300 beds in service. Such hospitals are large enough to open a radiation oncology department to treat more patients. All of the aforementioned phenomena show that there is still room for growth in the demand for cancer radiation equipment in Taiwan.

B. Diagnostic imaging

Most medical imaging devices, including MRI machines and computer tomography (CT) machines, are very costly and have a great impact on diagnostic decision-making. As a consequence, hospitals tend to chiefly consider brand when making purchasing decisions. And due to the fact that medical imaging devices have an extremely high technological threshold, Taiwan largely depends on imports for the medical imaging equipment it needs. According to data in the 2022 Medical Devices Industry Yearbook, imported medical imaging devices were valued at NT$5.35 billion in 2021, and this figure represented more than 20 times the value of similar exported devices (NT$230 million). With rising life expectancy and continued demographic aging in the future, a growing incidence of cardiovascular disease, rehabilitation, and orthopedic problems can be expected. This trend will continue to drive the growth of the medical imaging device market.

C. Ophthalmology

As of the end of 2021, there were approximately 3.94 million people in Taiwan over the age of 65, and these persons accounted for 16.9% of the total population. As a result, Taiwan has become an "aged society." With the growing elderly population and rising average life expectancy, the elderly are seeking a higher quality of life, which has increased demand for treatment of various eye diseases.

Further, the 3C products in the modern world, such as computers, mobile phones, and tablets have become indispensable tools to modern people. In the past, the ultraviolet rays of the sun are the only light hazard that is damaging to the human eyes, but now the light hazard from the use of 3C products indoors is also damaging to human eyes. The long-term direct view of the bright screen with the blue light from the 3C products causes eye diseases, such as cataracts and macular degeneration, not only in

the elderly but also in younger generation.

In response to the way people use their eyesight in Taiwan and the trend of aging population, the Group actively introduces various ophthalmic equipment and related products needed to care for the eyes of citizens, such as excimer laser systems, femtosecond laser systems, ophthalmic surgical microscopes, and intraocular lenses.

②Economic development has accelerated demand for upgraded medical services

The prevention and treatment of diseases by modern medicine rely heavily on the diagnosis results of advanced medical equipment. With the economic development and the advancement of medical technology, the national living standard and average life expectancy have also steadily increased. The quality requirements for the medical service market have risen sharply, which has directly led to an increase in the market demand for medical instruments and equipment, which has accelerated the speed of domestic and foreign capital investment in the medical service industry. The market expects that the selection of medical equipment will become more and more advanced. Its product structure is constantly adjusted, its functions are advancing with the times, and the demand continues.

③China’s medical reform created vast market and business opportunities

According to data from the 2022 Medical Devices Industry Yearbook, China's medical equipment market was valued at approximately US$33.02 billion in 2021, making it the third largest market in the world. The many inadequacies in the Chinese medical system brought to light by the COVID-19 pandemic have prompted the government to seek out new strategies for the medical and public health systems. This situation will stimulate the development of China's medical device market as a whole. Another consideration is that the Chinese government's active promotion of medical reforms in recent years has driven growing medical market demand. In the 14th Five Year Plan initiated in 2021, items intended to promote citizens' health emphasized the construction of a powerful public health system, putting the national health insurance system on a sound footing, and deepening reforms of the medical and public health systems. Relevant measures include the development of high-end medical equipment, strengthening cancer medical center establishment, improving the rapid approval of medical devices, and the active development of commercial medical insurance. These measures are expected to promote the positive development of the Chinese medical device market, which is projected to enjoy a CAGR of 7.4% from 2021 to 2024, and the medical device market should reach a value of US$40.92 billion in 2024.

④Aging population is the driving force for the development of the elderly care business

Taiwan is currently an "aged society." As of the end of 2021, there was one senior over the age of 65 for every 5.9 persons, and elderly persons over the age of 65 accounted for more than 14% of the population in 18 out of Taiwan's 22 cities and counties. According to the newest population estimates from the National Development Council, Taiwan is projected to enter the "super-aged society" stage by 2025, at which point the elderly will account for more than 20% of the population, and the population aging rate will be even faster than that of Europe, America, and Japan. Elderly care has unavoidably become a major issue. In view of the huge business opportunities created by this trend, the Group has begun collaborating with Japan's Sakurajyuji Group to enter Taiwan's long-term care market. In the future, the Group hopes to create comfortable, safe and elderly-oriented humanized spaces based on a differentiated strategy. Apart from improving continuous care, the Group will also promote the concept of preventive medicine, hoping to maximize the healthy life expectancy of the elderly, minimize the time spent in bed,

enhance seniors' dignity and quality of life, and establish a new perspective on long-term care in Taiwan.

(4) Competitive niche

①A professional technical team

The high-end medical equipment distributed by the Group features precision design, and requires sophisticated technology throughout installation, upgrading, maintenance, and repair. The Group's technical team has been trained by the manufacturers, so the team is familiar with the mechanical structure and has sufficient and practical experience. The medical institutions are willing to cooperate continuously and the manufacturers are worry-free and rely on the Company for business promotion and market development with distribution rights secured soundly.

②The Group possesses professional medical experience, and maintains stable collaborative relationships with hospitals and clinics

The Group has been in the medical equipment industry for more than 45 years, and has differentiated itself from its competitors through its flexible business model. With extensive experience in cooperation with hospitals, as well as the provision of repair, maintenance and upgrading services, the Group has strengthened customer reliance, and has thus been able to establish deeper and more stable relationships with medical institutions.

③Comprehensive radiation oncology, neuroscience, medical imaging, and ophthalmology product lines and an ample marketing staff system

The Group distributes the medical equipment that is manufactured by European and American manufacturers, including product lines of radiation oncology, neuroscience, diagnostic imaging, and ophthalmology. There are sufficient products for selection. The Group continues to import the latest medical equipment for the selection of medical institutions. The Group has an experienced business and technical team to market the products to various medical institutions. The Group after the installation of equipment assigns professional technicians to conduct training courses for medical institutions and provide comprehensive services to medical institutions.

④Channel value highly recognized by foreign manufacturers

With over 45 years of experience in medical device and equipment industry, the Group has established excellent name recognition in the industry. Apart from the fact that foreign suppliers have actively negotiated distribution with the Group in view of the Group's professional service image, the Group has also selected suitable products from major brands for promotion based on customer needs and market trends.

In terms of channel value highly recognized by the suppliers, the Group has considerable initiative and relative bargaining power, which can help the Group gain favorable conditions for the company and increase the distributed brands with the professional marketing ability and complete distribution network. It indicates that the Group has strong distribution capabilities and successfully created the value of professional marketing channels for medical devices.

(5) Advantages and disadvantages of developing prospects, and countermeasures

①Advantageous factors

A. The Group's distribution of extensive, diversified brands

The Group distributes a full range of product lines, and distributes radiation oncology equipment brands including Elekta, PTW, Ashland, C-RAD, IBA, and Klarity Medical, etc. Brands of neuroscience equipment distributed by the Group are Elekta, Megin, Leica, Baxter, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical, and Advantech, etc. Medical imaging brands distributed by the Group include Swissray, etc. Ophthalmology brands distributed by the Group include Bausch+Lomb, Ellex, Leica, BVI, Wexler, Baxter, and Albomed, etc. Vuno's artificial intelligence (AI) medical solutions, as well as the medical lead glass made by Nippon Electric Glass Co., Ltd. are also distributed by the Group. These are all internationally renowned brands with high popularity and market share, which have continued R&D investment to develop new products, new functions and new technologies to initiate the new market demands and maintain competitive edges.

B. A professional technical service department

The Group's technical service department has dozens of technical engineers, medical physicists, and medical radiation professionals ready to help customers quickly and precisely create medical facilities. From the medical site planning, design and construction, to the medical equipment installation and testing, departmental management and consulting services, medical technician training, and all the way through equipment maintenance and subsequent upgrade services, the job covers one-stop full-customization medical management services, allowing customers to fully grasp market demands and ensure profitability and stable market shares.

C. A sound financial structure

The Group has a sound financial structure and has been engaged in the medical equipment market for over 45 years. The Group also has a highly effective management team, professional stability, excellent long-term collaborative relationships with banks, and uses funds with prudence.

D. Acquiring opportunities for expansion in China and Southeast Asia

With the successful experience in Taiwan, the Group has taken the initiative to engage in the medical equipment markets in China and Southeast Asia which present great growth potential in the Asia Pacific region. Presently, subsidiaries have been set up in China and Indonesia. In China, the business model that combines sales and medical management service is taken to gain access to the local medical market. In Indonesia, it works with Mayapada Hospital Group, a local medical service institution, to continuously promote medical management services to other medical institutions, thus providing a comprehensive medical management service for the Indonesian market.

E. Establishing equipment and medical service collaboration

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents growth potential. Under a leasing program, not only can the cost of medical institutions be reduced, but also the equipment can be customized based on particular needs so that the equipment can be well integrated to achieve optimal utilization. The Group also deepens the development of equipment collaboration to transform it into comprehensive medical management services, and sets up service locations in Taiwan, China and Indonesia, in order to have the internal technical team provide real-time technical support from installation and maintenance services to equipment upgrading. The leasing program can also be combined with

comprehensive services including departmental planning and construction, management consultation and medical technician training. The soft power of equipment and medical technology collaboration provided by the Group is deeply favored by medical institutions, making suppliers' long-term collaboration with us strongly desirable, as well as more stable and comprehensive partnership with upstream and downstream dealers.

②Unfavorable factors and countermeasures

A. Distributorship contracts with foreign medical equipment manufacturers are the main source of products

At present, domestic high-end or large-scale medical equipment is still mainly imported from Europe and the United States. Although the Group and foreign medical equipment manufacturers have signed equipment distribution contracts, however, if there is a change in the distribution rights subsequently, it will affect the Company's operations. Countermeasures are as follows:

(A) The Group wins the affirmation of foreign medical equipment manufacturers through continuous efforts to achieve excellent sales results, and training a professional technical team to install machines, replace parts, and perform after-sales repair and maintenance. In addition, the Group is taking advantage of its marketing channels to help expand consumer market demand, and thereby find favor with foreign medical equipment manufacturers, increase dependence on the Group, establish stable cooperative relationships, and achieve an irreplaceable status. This will ensure that the Group's distribution rights are not replaced arbitrarily.

(B) The Group dedicates to obtaining medical equipment licenses issued by the Ministry of Health and Welfare. Medical equipment imported into Taiwan must be inspected and registered according to the relevant regulations of the Ministry of Health and Welfare. The handling of inspection data is cumbersome, time-consuming, and must be performed by personnel familiar with professional requirements. When applicants hold equipment registration certificates, the foreign manufacturers cannot arbitrarily change distribution rights and influence the import rights.

(C) The Group cooperates with foreign medical equipment manufacturers to jointly arrange academic courses. In addition to regularly inviting foreign professional doctors and technical engineers to give lectures or teach courses in Taiwan, the Group occasionally holds seminars in response to advances in academic research or medical technology, signs collaboration contracts with large medical centers to conduct clinical research, and establishes professional teaching centers. These actions will ensure that foreign manufacturers will have to rely on their partnership with the Group to assist with their educational outreach and regional markets development.

B. The adoption of a total payment system by National Health Insurance has squeezed the profitability of medical institutions

The income of various medical institutions is unstable, which has an impact on domestic medical-related industries. As a result, medical institutions have adopted a conservative attitude in preparing budget for the procurement of large-scale medical electronic equipment. Since there is a limit on the purchase amount, the Group strives to reach a balance between the selling price of the manufacturers and the buying price of the customers in order to generate profits. Countermeasures are as follows:

(A) Based on its medical integration and comprehensive professional service experience, the Group can rely on its innovative technological advantages to perform outstanding installation planning and arrangements for customers based on its analysis and assessment of costs. In addition, the Group's comprehensive medical management services can ease customers' cost burden and shorten their learning curve, which will safeguard or increase the value of relevant products and services.

(B) The Group tries to reduce the proportion of products paid by National Health Insurance by introducing more self-paid healthcare items, such as MR-Linac, compact proton therapy systems, and high-end intraocular lenses, etc.

(C) The Group continues to expand its business scope, developing overseas markets, and increasing and diversifying business entities in order to reinforce corporate sustainability.

C. Difficulty in engineer recruitment

Because electronic equipment specialists are needed for the installation and maintenance of medical equipment, the Group takes the graduation from an electronic engineering department of a university as a basic qualification when recruiting engineers. However, the current reality is that a majority of university graduates with electronic engineering degrees prefer to work in the electronics industry, which makes it difficult for the Group to recruit electronic engineering talent. Countermeasures are as follows:

The Company works on attracting more professional talents with the incentives of a well-established labor-management communication platform of a listed company, a perfect welfare system, a reasonable salary policy, and diversified talents training channels.

2. Intended use and production process of the main products

(1) Intended use of major products

Product name	Intended use
Radiation oncology digital linear accelerator	Linear accelerator produces high-energy radiation for treatment by accelerating high-energy electrons in a vacuum linear accelerating tube, causing electrons to strike the tungsten target, releasing energy to produce high-energy (million volts) therapeutic radiation in order to destroy cancer (tumor) cells. Also, in terms of equipment technology, the linear accelerator used to perform 3D spatial conformal radiotherapy and intensity-modulated radiotherapy. These new radiotherapy technologies aim to increase the therapeutic dose in order to increase tumor control rates. The current popular models on the market can perform the latest image-guided treatments with integrating accelerators, X-ray sources, and instant electronic verification imaging systems. The doctor before operating on the patient will use the X-ray to confirm the tumor position. If necessary, the treatment position can be adjusted, which can effectively prevent the error caused by the patient’s posture, increase the treatment accuracy, and reduce the side effects of the treatment.
MRI linear accelerator	The latest model introduced by Elekta combined with MRI and linear accelerator and the real-time nuclear magnetic resonance imaging to locate the patient’s treatment position, and accurately identify the location of the tumor by the unique precision of the magnetic resonance imaging to improve treatment accuracy.
Computer treatment	Before radiotherapy, use the device that inputs the computed tomography

Product name	Intended use
planning system	image of the patient, using a high-performance and high-computation computer, to plan the radiation angle, time, and dose of the radiotherapy, and also to evaluate the relative position of other important organs and their radiation dose.
Intracavitary brachytherapy device	Brachytherapy is to approach the lesion tissues with a sealed Ir-192 radiation source or placed at the therapy target, including interstitial implantation and intracavitary treatment, to achieve the desired radiation over short distances.
Radiotherapy/radiological diagnostic quality confirmation equipment	It refers to the radiological measurement tool and equipment, such as linear accelerator. It is used as a qualitative characteristic adjustment and calibration measurement for periodic radiation equipment in order to ensure radiation exposure quality.
Proton therapy system	Proton therapy system is high-end radiotherapy equipment. Its physical characteristics are that when the proton beam penetrates human tissue, its energy will go up with distance and go down at the end of the range (i.e. where the tumor is located) with Bragg peak generated to give high-dose radiation and kill cancer cells without damaging healthy tissues. Because proton therapy has spread-out Bragg peak (SOBP) characteristics, in addition to reducing the risk of damage to normal tissues during the treatment, the side effects of radiotherapy are minimized.
Leksell gamma knife - stereotactic radiosurgery system	This is a high precision 3D spatial stereotactic head radiosurgery device and is used to perform irradiation on tiny intracranial tumors or vascular lesions. More than one hundred independent beams are applied to irradiate on one single target during the treatment.
Magnetoencephalography (MEG) system	Magnetoencephalography (MEG) equipment is used to examine changes in the brain's magnetic field change during neural activity. MEG records can be used to investigate the individual functions of the brain's sensory cortex, the functional interactions between specific brain regions, and study complex functions such as attention, language, and cognition. It can also be used to explore the resilience and adaptability of specific brain regions, assess specific brain functional regions before and after surgery, and determine the location of epileptic lesions.
Surgical microscopes - neuroscience	Surgical microscopes are specifically intended for use in the operating room, and provide an enlarged field of view during surgery. They allow physicians to accurately view blood vessels, soft tissues, nerves, and lymphatic vessel structures during surgery, and are necessary tools for organ transplant and tissue repair surgery.
Baxter operating room equipment	Baxter offers a series of state-of-the-art operating room equipment and services, including versatile operating tables, innovative exclusive operating room lighting technology, and surgical related consumables. Thanks to its intelligent product line, it can completely improve the workflow in the operating room and related clinical fields, offer optimal solutions to hospitals, and provide an efficient and safe surgical environment for medical staff.
MRI hybrid surgical theatre	The sky track MRI of IMRIS is the only device in the world that can perform multi-functional imaging diagnosis on patients without moving patients. It can confirm the result of surgical treatment in the process; also, it can greatly reduce the risk of infection caused by mobilizing patients and save time. If there is not a surgery scheduled, general routine angiography can be performed to greatly improve the utilization of equipment and to maximize the value of the equipment.
NUCLeUS	Sony’s NUCLeUS can integrate images from different brands of medical equipment in the operating room, provide healthcare professionals with a single operating interface, and improve the efficiency of healthcare data

Product name	Intended use
	management and workflow. This system can also share images to the hospital's intranet system and provide live surgery for a two-way interaction between the operating room and the conference room.
Surgical sutures	Crownjun's surgical sutures can greatly assist the suturing blood vessels. Crownjun has also successfully developed the world's finest microsurgical suture, which can be used to suture tiny blood vessels, lymphatic vessels and nerves in microsurgery, allowing tighter junctions between tissues or blood vessels. This suture can not only increase the surgical success rate, but also greatly enhance surgeons' surgical proficiency.
Stereotactic navigation system	This system is used for minimally invasive treatment of cancerous tumors in the liver, lungs, kidneys, pancreas and bones, and can provide clear images and navigation during ablation surgery. Its image fusion function makes treatment plans more precise, and provides quality control directly after ablation; it can reduce the number of local recurrences, and allows shorter postoperative hospital stays and faster recovery compared with conventional surgery.
Hybrid assistive limb	The HAL® (Hybrid Assistive Limb) developed by Cyberdyne is the world's first semi-robotic limb, which can improve, support and enhance the wearer's physical functions, assist the disabled to move, and enable them to achieve greater mobility. It is also believed to promote motor learning in the brain. Many medical studies published abroad indicate that HAL® can assist functional regeneration in patients with spinal cord injuries, stroke, and other neuromuscular disorders.
Digital X-ray imaginary diagnostic systems	Digital X-ray is a technology employing digitized X-ray images. It can project X-ray images directly onto a digital sensor panel, instantly digitize the images, and then display real-time, high-resolution images on a computer screen. The resulting images will not be distorted by the development process. This is a basic medical equipment item needed by all medical institutions.
Excimer laser system	Excimer refractive myopia laser platforms provide a safer and faster treatment model. Combining two advanced technologies including static iris recognition and dynamic iris recognition, an excimer platform can be used to accurately cut corneal tissue and reduce the number of diopters (in cases of myopia, hyperopia, astigmatism), so that patients can reduce or eliminate their dependence on glasses or contact lenses, or meet their professional or sports needs.
Femtosecond laser system	Femtosecond laser lens refraction surgery uses a laser light source that can generate femtosecond lasers, uses synchronous computer tomography and 3D real-time images to help ophthalmologists plan personalized crystal surgery procedures, compared to traditional cataract surgery, combined with femtosecond laser high-tech cataract pre-surgery, can improve the accuracy and predictability of vision correction.
Surgical microscopes - ophthalmology	The Leica operating microscope designed for ophthalmic microsurgery has low illumination, high light transmittance, long depth of field, strong red reflection, and clear and undistorted view. Surgical microscopes are used in cataract surgery, anterior chamber surgery, and cornea and glaucoma surgery.
Artificial intraocular lens	Artificial intraocular lens is made of PMMA, silicone or acrylic to synthesize artificial lens with refractive properties according to the refractive characteristics of the lens in the human eye. The refractive focus function of the turbid lens helps the image projection to focus on the retina in order to restore the patient's vision.
Artificial vitreous	It is applicable to the anterior and posterior segment of ophthalmology, including intracapsular/extracapsular cataract extraction, intraocular lens

Product name	Intended use
	implantation, corneal transplantation, glaucoma filtering surgery and retinal reposition surgery, etc. It is used as a substitute for glass body in the two operations, namely pars plana vitrectomy and retinal detachment surgery. Based on its characteristics of lubrication, viscoelasticity, transparency, and protection of corneal endothelial cells, this product helps reduce the interaction between corneal endothelial cells and tissues, maintain the depth of the anterior chamber of the eyeball and the visibility during surgery, and can be performed before implanting the artificial vitreous, by covering it with the lens of the inner eye and the surface of the tip of the surgical instrument to avoid possible trauma caused by the surgical instrument.
Vuno artificial intelligence (AI) medical solutions	Vuno's AI healthcare solutions can be used for various kinds of medical image analysis and assist in the diagnosis of diseases: Vuno Med®-Chest X-ray™ can automatically analyze chest X-ray images, and uses an AI algorithm to perform identification, which can assist physicians in image interpretation. Vuno Med®-BoneAge™ is used for bone age assessment in school-age children, and employs an AI system to report and predict the situation. It can shorten diagnosis time, and can help guide treatment of children's metabolic diseases. Vuno Med®-Fundus AI™ is an AI screening solution using photographic images of the fundus to interpret various kinds of abnormalities. Vuno Med®-LungCT AI™ is a detection and notification system using AI to perform CT imaging of nodules in the lungs.

(2) Production process of major products

The Group is not engaged in the manufacturing industry so it does not apply.

3. Supply of main raw materials

The Group is not engaged in the manufacturing industry so it does not apply.

4. List of major customers and suppliers

(1) The names of suppliers who have accounted for more than 10% of the Company’s total purchase amount in one of the last two years and the purchase amount and ratio; also, explain the reasons for the said increase and decrease

Unit: NT$ thousands

	2021				2022				Until Q1 2023			
Item	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase up to the last quarter of the year (%)	Relationship with the issuer
1	甲	233,547	30.07	None	甲	206,340	13.66	None	甲	209,169	41.07	None
2	戊	80,391	10.35	None	戊	69,715	4.61	None	戊	8,573	1.68	None
	Others	462,671	59.58		Others	1,234,636	81.73		Others	291,579	57.25	
	Net purchase amount	776,609	100.00		Net purchase amount	1,510,691	100.00		Net purchase amount	509,321	100.00	

Analysis of increase and decrease:

The Group's suppliers, which accounted for more than 10% of the total purchases, are mainly for the suppliers of radiation oncology instruments and ophthalmology instruments. Suppliers 甲 and 戊 are continuing to supply in response to market demand.

(2) The name of the customers who have accounted for more than 10% of the Company’s total sales amount in one of the last two years and the sales amount and ratio; also, explain the reasons for the increase and decrease

Unit: NT$ thousands

	2021				2022				Until Q1 2023			
Item	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the last quarter of the year (%)	Relationship with the issuer
1	K	6,999	0.29	None	K	7,564	0.25	None	K	153,824	19.22	None
	Others	2,432,565	99.71		Others	2,966,788	99.75		Others	646,486	80.78	
	Net sales amount	2,439,564	100.00		Net sales amount	2,974,352	100.00		Net sales amount	800,310	100.00	

Analysis of increase and decrease:

The Group's sales revenue is mainly derived from radiation oncology instruments. The sales price of radiation oncology equipment is high and its service life is long, so it is difficult to concentrate on the same customer. Customer K received high-end radiation oncology equipment in the first quarter of 2023, which led to a substantial increase in related revenues.

5. Production value of the last two years

The Group is not engaged in manufacturing industry so it oes not apply.

6. Sales value and volume in the last two years

Unit: Piece, set: NT$ thousands

Year / Sales QTY & value / Major products (or by department)	2021				2022			
	Domestic sales		Exports		Domestic sales		Exports	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Sales of equipment for radiation oncology and neurology	14	600,961	0	11,725	10	337,644	1	66,407
Other sales	35,070	173,635	0	0	39,312	176,427	0	0
Sales of medicines and health supplements	23,600,968	272,230	0	0	70,236,876	955,703	0	0
Rental revenue	45	1,009,240	4	38,517	44	1,099,868	5	32,020
Service revenue	0	312,911	0	8,106	0	266,687	0	6,846
Other operating revenues	23	12,239	0	0	27	32,750	0	0
Total	23,636,120	2,381,216	4	58,348	70,276,269	2,869,079	6	105,273

Analysis of changes： The sales of equipment for radiation oncology and neurology decreased due to the drop in the number of high-priced instruments sold in 2022; the great increase in the volume and value of medicines and health supplement sales was chiefly due to the increased demand for medicines in 2022 caused by the uptick in the Covid-19 pandemic; the increase in rental revenue was mainly due to the increase in collaborating hospitals and the stable growth of existing collaborative projects in 2022; the decrease in service revenue in 2022 was chiefly due to a reduction in demand for one-time service assistance from foreign manufacturers.

III. Human Resources

(I) The Company

Unit: Number of persons

Year		2021	2022	Until March 31 of the year
No. of employees	Management	16	16	15
	Marketing personnel (including sales and technology)	0	0	0
	General staff	34	38	40
	Total	50	54	55
Average age		41.0	41.1	40.7
Average service years		8.33	8.4	8.3
Education distribution ratio (%)	Ph.D.	0.00	0.00	0.00
	Master	24.00	25.93	23.64
	University and college	62.00	61.11	63.64
	High school	14.00	12.96	12.72
	Below high school	0.00	0.00	0.00

(II) The Group

Unit: Number of persons

Year		2021	2022	Until March 31 of the year
No. of employees	Management	37	45	44
	Marketing personnel (including sales and technology)	104	115	114
	General staff	71	94	100
	Total	212	254	258
Average age		38.2	38.0	37.7
Average service years		7.7	7.4	7.1
Education distribution ratio (%)	Ph.D.	0.47	0.39	0.39
	Master	16.04	14.57	14.72
	University and college	73.58	74.02	73.64
	High school	9.91	10.24	10.47
	Below high school	0.00	0.78	0.78

IV. Environmental Protection Expenditure

The total amount of losses (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of deposition, the deposition reference number, the provisions of the statute violation, the content of the statute violation, and the content of punishment) in the most recent year and as of the annual report printing date, and disclose the current and future estimated amounts and corresponding measures. If it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated.

None.

V. Labor Relations

(I) Illustrate the company's employee welfare measures, advanced study, training, retirement system and its implementation, as well as the agreement between labor and management and the employee benefits maintenance measures.

1. Employee welfare measures

The Company is committed to creating a worry-free work environment for employees, strives to improve the various systems, and provides good and comprehensive welfare measures, so that every employee and their families can enjoy a comfortable and pleasant life; also, enjoy the care and consideration of the company.

(1) Salary system

The Company has recruited talents and motivated employees with a fair and competitive compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results through the performance evaluation method developed by the Group. The Group's open and transparent promotion mechanisms provide greater responsibilities and better compensation and bonuses to employees with better performance, and help drive the development of the organization. The Company further provides equal rewards for the same work and equal promotion opportunities to men and women, and seeks to promote sustainable and inclusive economic growth.

Item	2021	2022
Percentage of supervisory positions filled by women	6.1%	6.3%
Percentage of female employees	41.5%	42.9%

In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance / year-end bonuses issued to individual employees in 2022 were equivalent to 2.5 months of salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company.

① Year-end bonus: According to the “Rules Governing Employee Performance” of the Company, the year-end bonus will be distributed at the end of the year depending on the overall operating performance of the company.

②Distribution of employee compensation during year Handled in accordance with Paragraph 1, Article 24-1 of the Articles of Incorporation: If there is an outstanding balance after subtracting cumulative losses from the Company's profits for the year (pre-tax profit before subtracting remuneration to employees and directors), at least 0.05% shall be appropriated as employee remuneration; distribution standards shall comply with the Group's "Employee Remuneration Distribution Guidelines," and this remuneration shall be distributed at the end of June each year.

③ Employee shareholding, cash capitalization and stock subscription, and issuance of employee warrants: It is handled depending on the company’s overall operations with the relevant rules stipulated for the compliance of employees.

④Degree of salary adjustment during the year:

2021 average compensation adjustment	2022 average compensation adjustment	2023 average compensation adjustment
2.0%	2.6%	2.0%

(2) Merciful employee welfare system

① Insurance plan: Provide labor insurance and health insurance to each employee, so that they can be fully protected. In addition, the company also plans a group insurance for employees starting from the date they report to duty, including life insurance, accident insurance, medical insurance and cancer insurance. If the employee is on a sabbatical leave due to a military service, major injury, or childbirth, he or she may continue to participate in the company group insurance, so that the protection can be continued.

② Three festivals gift money

③ Retirement system: According to the “Labor Standards Act,” a sound pension system and retirement-related measures are enacted. According to the “Labor Pensions Act,” an amount equivalent to 6% of the monthly salary is paid to the personal account with the Bureau of Labor Insurance, Ministry of Labor, and together with the Company’s sound financial structure to provide solid pensions appropriation and payment.

④ Health management: In addition to the fully subsidized health checkup for the new recruits, the Company regularly applies to the Bureau of Labor Insurance for occupational hazard inspections every year, covering general health checkups, special health checkups, etc., and handles annual health checkups for all employees once in every two years.

⑤ Staff dormitory: Considering the needs of short-term travel of employees and the safety and convenience of long-distance commuting employees, the company has staff dormitory available to provide a comfortable living environment for employees who are traveling or in training.

⑥ Employee Welfare Committee: The “CHC Healthcare Group Employee Welfare Committee” is established in accordance with the law to actively promote various employee welfare measures, including funeral subsidies, medical subsidies, marriage

subsidies, travel subsidies, birthday gifts, maternity benefits, advanced study subsidies, and cultural and recreational activities subsidies.

2. Education and training

In order to improve the competence of employees, enhance the work knowledge of employees, and reserve technical and management talents to cope with the business development of the Company, and to seek effective use of manpower, the Group has stipulated the “Incentives for Education and Training and Professional License” to encourage the Company’s employees to go for an advanced study and to obtain professional license in order to enhance their competitiveness.

(1) Education and training

① Pre-job training: All new recruits will be instructed to understand the Company’s organization, business profile, labor safety and health, and the standard operating procedures of the company.

② Internal training: Enhance the basic functions and professional functions that each position should have in order to strengthen the work ability of each employee at the workplace.

③ External training: Base on the needs of each employee or each position to arrange an external training in order to strengthen the professional skills of each employee and the leadership of the management.

④ Overseas training: In line with the development of the company or the needs of work in the future, the department heads select competent personnel to go abroad for professional training.

(2) Application for and issuance of various professional licenses

According to the standard certificate classification, the employees shall submit the original certificate or the transcript together with the original enrollment fee receipt, and the test reward application form to the Human Resources Department and the General Affairs Department for the registration fee subsidies according to the original receipt.

Class A (difficult): Each certificate is with NT$10,000 awarded.

Class B (medium): Each certificate is with NT$ 5,000 awarded.

Class C (Basic): Each certificate is with NT$ 3,000 awarded.

(3) Advanced study and training of employees

Each department of the Company regularly holds product or professional skills training on a monthly basis to enhance the professional skills of the employees at workplace. Employees shall apply for work-related external training according to the “Incentives for Education and Training and Professional License” of the company.

Although Covid-19 forced the cancellation of all large outsourced education and training classes for employees in 2022, the Company held a training class for managers on September 23, 2022 in order to boost managers' management functions. This class, which was entitled "Managers' Duties and Communicating with Subordinates," lasted 7 hours, was attended by 28 persons, and cost a total of close to NT$120,000.

Apart from continuing to offer product training classes chiefly intended to strengthen employees' working skills, the Company also conducts an annual training needs survey in Q4 of each year, and provides functional training, product training, special-topic talks, and various kinds of seminars in accordance with the annual education and training plans proposed by departmental managers. At the same time, all employees may use the self-learning channels provided by our online learning platform to improve their professional skills.

3. Retirement system and its implementation

(1) For the work seniority before and after being subject to the “Labor Standards Act,” the

pensions shall be calculated according to the pension standard as stipulated in Articles 84-2 and Article 55 of the Labor Standards Act.

(2) Choose to be subject to the pension plan as stipulated in the “Labor Standard Act” in accordance with the Labor Pension Act or reserve the work seniority accumulated before applying the Labor Pension Act to be paid according to the provision of the preceding paragraph.

(3) For employees who are subject to the pension plan as stipulated in the “Labor Standards Act” and who are forced to retire in accordance with Subparagraph 2, Paragraph 1 of Article 35, if their mental disability or physical disability is caused by the execution of their duties, they are entitled to additional 20% of the pension according to the provisions of the preceding paragraph.

(4) For employees who are subject to the Labor Pension Act, the Company will have an amount equivalent to 6% of the monthly salary appropriated and deposited into the personal pension account.

4. Agreement between labor and management and various employee benefits protection measures

In order to coordinate labor relations, enhance mutual understanding, promote labor-management cooperation, and improve work efficiency, we have held labor-management meetings in accordance with the “Rules Governing the Labor-Management Meetings” to meet regularly and communicate with each other. Both employers and employees should resolve issues through consultation harmoniously.

(II) The total amount of losses caused to the Company due to labor dispute (including items in violation of the “Labor Standards Act”, list the date of punishment, the deposition reference number, the provisions of the statute violation, the content of the statute violation, and the content of punishment) in the most recent year and as of the annual report printing date, and disclose the current and future estimated amounts and corresponding measures. If it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated.

The Company has a good interaction with the employees regarding the welfare measures, management system, and labor relations and there has no labor disputes and losses occurred in the most recent year and as of the annual report printing date; and we will work towards the goal of no such incidents in the future.

VI. Cybersecurity management

(I) Please specify the Company's cybersecurity risk management framework, cybersecurity policy, specific management program, and resources devoted to cybersecurity management, etc.

1. Information security risk management framework

The Company has established an information department to bear exclusive responsibility for information security management, planning, oversight, promotion, and implementation, and provide regular reports on the state of information security management to the chief operating officer.

2. Cybersecurity policy

(1) Ensuring the security of the Company's data, systems, equipment, and network communications; blocking external intrusion and damage.

(2) Ensuring that system data account access rights and system changes are uniformly handled under authorization in accordance with the procedures stipulated by the Company.

(3) Destroying computer storage media reported as unserviceable in order to avoid the accidental leakage of data.

(4) Monitoring information system security status and activity records; effectively detecting

and handling information security incidents.

(5) Maintaining the usability and integration of data and system; restoring normal operations in the wake of a disaster or destruction.

(6) Installing independent fire safety equipment including smoke detectors and temperature sensors in server rooms.

(7) The Company has installed monitoring and measurement computer software applicable to medical equipment quality management systems, production, and services. Before use of computer software, or after use in accordance with the actual situation, or after software changes, validation or authentication is performed to determine ability to achieve the planned results. The Company adopted the Taiwan medical equipment quality management system (QMS) during 2021.

3. Specific management programs (whether insurance information security insurance has been purchased; if not, describe relevant preventive measures in detail)

The Company currently has thoroughgoing information security maintenance measures. In view of the fact that information security insurance is still a new insurance type, and involves the grading of information security and claims forensic measures, the Group is still assessing the future applicability of such insurance.

However, to implement internal control and maintain information security policy, the Company's written internal control system includes computerized information system cycle, information management regulations, and accident recovery plan. Annual review and assessment of security-related sections and procedures ensures the appropriateness and effectiveness of the internal control system. The following is a detailed explanation of relevant internal control system items:

(1) Information security network architecture

①The Company systems all use intranet, and there is a multi-layer network security system, a firewall at the front end of the system, and an online screening system to defend against intrusion.

②E-mail employs Chunghwa Telecom's HIBOX mailboxes. Chunghwa Telecom's HIBOX e-mail has a security control system bearing responsibility for filtering the content of incoming and outgoing messages. This system can defend against external online attacks, can sequester threats including the newest malicious software, harmful website links, and trash email in real time.

③Antivirus software has been installed on all internal servers and terminals, and anti-virus code is constantly updated; the software can identify characteristics of malicious behavior in real time, intercept Trojan horse attacks and ransomware in real time, and can detect malicious programs and document folders, which has effectively reduced the risk of attack and damage by hackers.

(2) Management of system account numbers and user rights account numbers

The users' account numbers and user rights are established in accordance with the scope of their work and their duties and powers. Data access involves electronic form signing procedures; users may use and change data only after applying to the authorized executive and obtaining approval. To prevent unauthorized use, users' account numbers and user rights are immediately canceled as soon as they leave their original post.

(3) Information system preservation and backup

To ensure data security and normal information system functioning, on-site and off-site backup of systems and documents is performed on a daily basis, and system data recovery testing is conducted on a regular annual basis. These measures have reduced the risk of data loss is due to human damage and no-warning natural disasters.

(4) Handling method for servers reported as unserviceable

In keeping with the legal compliance management system and information security policy, the hard drives from all servers reported as unserviceable are destroyed.

4. Resources devoted to cybersecurity management

(1) Addition/revision of cybersecurity-related procedures

Internal control system- computerized information system cycle, QMS MDP-01 medical device computerized software system validation management procedures, ISO 9001 QP-05 information management procedures.

(2) Cybersecurity awareness

Communications software information security issue control, phishing e-mail identification awareness, e-mail security authentication settings.

(3) Assessment of information security equipment

Information security testing reports.

(4) Purchase of additional off-site backup equipment

The Company has purchased two additional NAS storage units, which are used to facilitate daily backup of SAP data and headquarters data to a subsidiary for preservation.

(II) For the most recent year and up to the date of printing of the annual report, the losses suffered by the Company as a result of cybersecurity incidents, possible impact, and any response measures; please state any items that cannot be reasonably estimated.

During the most recent year and as of the date of the annual report, the Company had no losses due to major cybersecurity incidents.

VII. Important Contracts (illustrate the valid supply and sales contracts as of the annual report printing date and those that will be expired in the most recent year; the parties, contents, restrictive clauses, and beginning and ending dates of the technical cooperation contracts, engineering contracts, long-term loan contracts, and other major contracts that are significant enough to affect shareholders' equity)

(I) The Company: None

(II) The Group:

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Purchase and distribution rights	C-RAD AB (Chiu Ho Medical System Co., Ltd.)	2010/10/13 ~ no expiry date	Laser products	Sales in Taiwan area only
Purchase and distribution rights	Leica Microsystems IR Gmbh (Chiu Ho Medical System Co., Ltd.)	2022/01/01 ~ 2024/12/31	Surgical microscope series	Sales in Taiwan area only
Purchase and distribution rights	Elekta Limited (Chiu Ho Medical System Co., Ltd.)	2019/03/08~2024/04/30	Digital Linear Accelerator and Gamma Knife Series Related Equipment	Sales in Taiwan area only
Purchase and distribution rights	PTW-Freiburg (Chiu Ho Medical System Co., Ltd.)	1996/10/08 ~ no expiry date	Quality assurance related equipment and products	Sales in Taiwan area only
Purchase and distribution rights	CYBERDYNE(Chiu Ho Medical System Co., Ltd.)	2019/11/01~2023/10/31	Mechanical Walker, Powered exoskeleton system	Sales in Taiwan area only

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Purchase and distribution rights	Hill-Rom (Chiu Ho Scientific Co., Ltd.)	2019/03/15~2022/03/14	Surgical headlights, otoscopes, ophthalmic surgical instruments	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Medical System Co., Ltd.)	2019/03/15~2022/03/14	Operating table, surgical lamp, and accessories	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Medical System Co., Ltd.)	2022/04/14~2024/04/13	Operating table, surgical lamp, and accessories	Sales in Taiwan area only
Purchase and distribution rights	Ecolab(Chiu Ho Medical System Co., Ltd.)	2019/03/01~ no expiry date	Disinfection sleeve series	Sales in Taiwan area only
Purchase and distribution rights	Swissray Medical AG (Chiu Ho Medical System Co., Ltd.)	2012/02/02 ~ no expiry date	Digital X-ray machine	Sales in Taiwan, China, Hong Kong, and Macao area only
Purchase and distribution rights	Ion Beam Application SA(Chiu Ho Medical System Co., Ltd.)	2021/10/19 ~ no expiry date	Proton therapy equipment	Sales in Taiwan area only
Purchase and distribution rights	Stryker Far East Inc., Taiwan Branch (Chiu Ho Medical System Co., Ltd.)	2021/01/01~2022/04/30	Intraoperative real-time fluorescent angiography system	Sales in Taiwan area only
Purchase and distribution rights	Bausch & Lomb HK (Chiu Ho Scientific Co., Ltd.)	2017/01/01~no expiry date	Femtosecond Laser System	Sales in Taiwan area only
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Tomorrow Medical System Co., Ltd.)	2013/04/01 ~ no expiry date ate	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	GE Medical Systems (Tomorrow Medical System Co., Ltd.)	2022/01/01~2022/12/31	CT-RT	Sales in some hospital system in Taiwan area only
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Chiu Ho Scientific Co., Ltd.)	2017/08/17 ~ no expiry d	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	PhysIOL (Chiu Ho Medical System Co., Ltd.)	2015/01/01~ no expiry date	Intraocular lens and introducer	Sales in Taiwan area only
Purchase and distribution rights	Deerfield Imaging, Inc. (Chiu Ho Medical System Co., Ltd.)	2018/04/05~ no expiry date	Intraoperative imaging system	Sales in Taiwan area only
Purchase and distribution rights	Yesng Co. (Chiu Ho Medical System Co., Ltd.)	2018/05/18~2023/12/31	Electrical surgical pencil	Sales in China area only
Purchase and distribution rights	KONO SEISAKUSHO Co, Ltd. (Chiu Ho Medical System Co., Ltd.)	2018/09/25~2023/09/24	Surgical suture	Sales in Taiwan area only
Purchase and distribution rights	CAScination AG (Chiu Ho Medical System Co., Ltd.)	2018/11/28~2022/05/27	Interventional ablation navigation system	Sales in Taiwan area only
Purchase and distribution rights	CAScination AG (Chiu Ho Medical System Co., Ltd.)	2022/07/11~2024/07/10	Interventional ablation navigation system	Sales in Taiwan area only

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Purchase and distribution rights	ADVANTECH Co., Ltd (Chiu Ho Medical System Co., Ltd.)	2020/09/01~2022/12/31	Surgical screen, nursing cart and image streaming system	Sales in Taiwan area only
Purchase and distribution rights	ADVANTECH Co., Ltd (Chiu Ho Medical System Co., Ltd.)	2023/01/01~2024/12/31	Surgical screen, nursing cart and image streaming system	Sales in Taiwan area only
Purchase and distribution rights	LEO Cancer Care Inc.(Chiu Ho Medical System Co., Ltd)	2021/11/01~2024/10/31	Radiation Therapy Products	Sales in Taiwan area only
Purchase and distribution rights	QUANTEL MEDICAL S.A.S (Chiu Ho Scientific Co., Ltd.)	2021/07/26~ no expiry date	Ophthalmic Ultrasound products	Sales in Taiwan area only
Purchase and distribution rights	Plasmapp Co., Ltd(Chiu Ho Scientific Co., Ltd.)	3 years after the completion of Taiwan Q.S.D &Product License	sterilizer	Sales in Taiwan area only
Sales contract	Changhua Christian Medical Foundation Changhua Christian Hospital	2016/05/18 ~ inspection and acceptance completed	Proton therapy system	To be processed according to the contract signed
Equipment use and technical service cooperation	Taipei Medical University Hospital	2017/01/20 ~ expiry date of the cooperation agreement	Proton therapy related equipment use and technical service cooperation	To be processed according to the contract signed
Syndicate credit contract	The syndicate credit bank group organized by the First Bank, CTBC Bank, etc.	Contract signing date: 2018/11/07 (The credit period is for 5 years from the date of the first-time use of any sub-credit line). Full liquidation has been made on 2022/10/28.	Repayment for the existing financial liabilities and the establishment of the Proton Therapy Center of the Taipei Medical University Hospital and the procurement of one set of Proton Therapy System (including repayment of transitional financing)	To be processed according to the contract signed
Syndicate credit contract	The syndicate credit bank group organized by the First Bank, etc.	Contract signing date: 2022/09/21 (The credit period is for 5 years from the date of the first-time use of any sub-credit line)	Repayment for the existing financial liabilities and replenishment of working capital	To be processed according to the contract signed

Six. Financial Information

I. Five-Year Financial Summary

(I) The Group

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years					Financial data as of March 31 of the year
		2018	2019	2020	2021	2022	
Current assets		3,204,585	3,509,528	3,485,229	3,783,844	3,851,549	4,024,353
Property, plant, and equipment		4,752,936	4,691,417	5,382,011	5,428,602	5,824,668	5,921,564
Intangible assets		161,746	159,151	159,151	631,278	610,157	617,632
Other assets		1,467,681	1,276,573	645,186	782,666	663,252	799,359
Total assets		10,847,735	11,205,325	11,543,821	12,567,281	12,830,901	13,360,933
Current liabilities	Before distribution	1,353,032	3,049,091	1,053,386	1,486,217	1,054,032	1,851,593
	After distribution	1,603,077	3,330,358	1,367,034	1,810,096	1,378,754 (Note 2)	1,851,593 (Note 2)
Non-current liabilities		4,361,184	2,838,895	4,490,434	4,767,207	5,373,773	5,185,637
Total liabilities	Before distribution	5,714,216	5,887,986	5,543,820	6,253,424	6,427,805	7,037,230
	After distribution	5,964,261	6,169,253	5,857,468	6,577,303	6,752,527 (Note 2)	7,037,230 (Note 2)
Equity attributable to shareholders of the parent		4,972,363	5,162,144	5,847,437	6,084,521	6,141,616	6,004,237
Share capital		1,399,136	1,416,335	1,570,439	1,610,536	1,615,531	1,637,857
Capital surplus		2,930,253	2,981,939	3,427,278	3,533,299	3,544,423	3,628,955
Retained earnings	Before distribution	1,041,551	1,186,678	1,271,800	1,336,393	1,369,085	1,123,610
	After distribution	791,506	905,411	958,152	1,012,514	1,044,363 (Note 2)	1,123,610 (Note 2)
Other equity		(363,621)	(387,852)	(387,124)	(395,707)	(387,423)	(386,185)
Treasury shares		(34,956)	(34,956)	(34,956)	—	—	—
Non-controlling interest		161,156	155,195	152,564	229,336	261,480	319,466
Total equity	Before distribution	5,133,519	5,317,339	6,000,001	6,313,857	6,403,096	6,323,703
	After distribution	4,883,474	5,036,072	5,686,353	5,989,978	6,078,374 (Note 2)	6,323,703 (Note 2)

Note 1: The above financial data are audited or reviewed by a certified public accountant.
Note 2: The distribution of 2022 earnings has been resolved by the Board of Directors.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years					Financial data as of March 31 of the year
	2018	2019	2020	2021	2022	
Operating revenue	2,507,466	2,950,052	2,554,911	2,439,564	2,974,352	800,310
Gross profits	730,786	806,002	830,710	849,481	902,314	223,146
Operating profit	459,981	529,571	513,106	493,328	475,760	116,859
Non-operating income and expense	(91,812)	(52,978)	(49,110)	(2,259)	8,075	(7,648)
Profit (loss) before income tax	368,169	476,593	463,996	491,069	483,835	109,211
Profit (loss) of the continuing department	317,829	390,431	362,912	380,282	388,650	84,917
Loss of discontinued department	—	—	—	—	—	—
Profit (loss) for the year	317,829	390,431	362,912	380,282	388,650	84,917
Other comprehensive income (after tax) for the year	(53,085)	(25,451)	1,574	(9,370)	8,349	1,261
Total comprehensive income for the year	264,744	364,980	364,486	370,912	396,999	86,178
Profit (loss) attributable to owners of the parent	323,422	395,172	366,389	381,633	356,571	79,247
Profit (loss) attributable to non-controlling interest	(5,593)	(4,741)	(3,477)	(1,351)	32,079	5,670
Comprehensive income attributable to shareholders' of the parent	270,337	370,941	367,117	373,050	364,855	80,485
Comprehensive income attributable to non-controlling interest	(5,593)	(5,961)	(2,631)	(2,138)	32,144	5,693
Earnings per share	2.32	2.83	2.53	2.43	2.21	0.49

Note 1: The above financial data are audited or reviewed by a certified public accountant.

(II) The Company

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years				
		2018	2019	2020	2021	2022
Current assets		657,925	629,325	703,460	524,925	403,928
Property, plant, and equipment		1,832	975	601	705	730
Intangible assets		—	—	—	—	—
Other assets		108,007	70,262	68,144	66,749	65,066
Total assets		7,793,090	7,784,428	8,845,691	9,124,557	9,133,135
Current liabilities	Before distribution	202,958	1,253,550	274,631	456,932	128,761
	After distribution	453,003	1,534,817	588,279	780,811	453,483 (Note 2)
Non-current liabilities		2,617,769	1,368,734	2,723,623	2,583,104	2,862,758
Total liabilities	Before distribution	2,820,727	2,622,284	2,998,254	3,040,036	2,991,519
	After distribution	3,070,772	2,903,551	3,311,902	3,363,915	3,316,241 (Note 2)
Equity attributable to shareholders of the parent		4,972,363	5,162,144	5,847,437	6,084,521	6,141,616
Share capital		1,399,136	1,416,335	1,570,439	1,610,536	1,615,531
Capital surplus		2,930,253	2,981,939	3,427,278	3,533,299	3,544,423
Retained earnings	Before distribution	1,041,551	1,186,678	1,271,800	1,336,393	1,369,085
	After distribution	791,506	905,411	958,152	1,012,514	1,044,363 (Note 2)
Other equity		(363,621)	(387,852)	(387,124)	(395,707)	(387,423)
Treasury shares		(34,956)	(34,956)	(34,956)	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	4,972,363	5,162,144	5,847,437	6,084,521	6,141,616
	After distribution	4,722,318	4,880,877	5,533,789	5,760,642	5,816,894 (Note 2)

Note 1: The above financial data are audited by a certified public accountant.
Note 2: The distribution of 2022 earnings has been resolved by the Board of Directors.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	435,545	503,625	500,575	544,496	523,205
Gross profits	333,770	404,452	391,546	428,484	410,165
Operating profit	333,770	404,452	391,546	428,484	410,165
Non-operating income and expense	(59,671)	(21,838)	(22,028)	(45,398)	(50,955)
Profit (loss) before income tax	274,099	382,614	369,518	383,086	359,210
Profit (loss) of the continuing department	323,422	395,172	366,389	381,633	356,571
Loss of discontinued department	—	—	—	—	—
Profit (loss) for the year	323,422	395,172	366,389	381,633	356,571
Other comprehensive income (after tax) for the year	(53,085)	(24,231)	728	(8,583)	8,284
Total comprehensive income for the year	270,337	370,941	367,117	373,050	364,855
Profit (loss) attributable to owners of the parent	—	—	—	—	—
Profit (loss) attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to shareholders' of the parent	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	2.32	2.83	2.53	2.43	2.21

Note 1: The above financial data are audited by a certified public accountant.

(III) Name of accountant and audit opinions issued in the last five years

Year	CPA Firm	CPAs	Audit Opinions
2018	PricewaterhouseCoopers (PwC) Taiwan	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2019	PricewaterhouseCoopers (PwC) Taiwan	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2020	PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen and Pei-Lin Tu	Unqualified opinions
2021	PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen and Pei-Lin Tu	Unqualified opinions
2022	PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen and Pei-Lin Tu	Unqualified opinions

II. Five-Year Financial Analysis

Consolidation

Analysis item \ Year		Financial analysis of the last five years					As of March 31 of the year
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	52.68	52.55	48.02	49.76	50.10	52.67
	Ratio of long-term capital to property, plant, and equipment	199.77	173.85	194.92	204.12	202.19	194.36
Solvency (%)	Current ratio	236.84	115.10	330.86	254.60	365.41	217.35
	Quick ratio	166.66	88.78	259.92	196.13	260.63	146.98
	Interest earned ratio (times)	478.63	602.23	596.57	705.98	611.50	509.52
Operating performance	Account receivable turnover (times)	2.50	2.74	2.38	2.40	2.75	2.68
	Average collection period	146	133	153	152	132	136
	Inventory turnover (times)	2.12	2.59	2.22	2.17	2.58	2.11
	Account payable turnover (times)	9.77	9.76	9.14	8.66	7.42	7.59
	Average days in sales	172	140	164	168	141	173
	Property, plant, and equipment turnover (times)	0.54	0.62	0.51	0.45	0.53	0.55
	Total assets turnover (times)	0.23	0.27	0.22	0.20	0.23	0.24
Profitability	Return on total assets (%)	3.69	4.23	3.85	3.69	3.66	3.25
	Return on shareholders' equity (%)	6.33	7.47	6.41	6.18	6.11	5.34
	Pre-tax income to paid-in capital (%)	26.31	33.65	29.55	30.49	29.95	26.67
	Profit ratio (%)	12.68	13.23	14.20	15.59	13.07	10.61
	Earnings per share (NT$)	2.32	2.83	2.53	2.43	2.21	0.49
Cash flows	Cash flow ratio (%)	24.98	39.85	86.96	46.61	62.30	0.00
	Cash flow adequacy ratio (%)	77.35	110.83	104.60	94.81	86.68	87.58
	Cash reinvestment ratio (%)	1.68	10.05	5.28	3.04	2.48	0.00
Leverage	Operational leverage	2.48	2.26	2.41	2.51	2.74	2.94
	Financial leverage	1.27	1.22	1.22	1.20	1.25	1.30

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:
(1) The increase in the current ratio was mainly due to the decrease in current liabilities in 2022.
(2) The increase in the quick ratio was mainly due to the decrease in current liabilities in 2022.
(3) The increase in the cash flow ratio was mainly due to the decrease in current liabilities in 2022.

Note 1: The above financial data are audited or reviewed by a certified public accountant.

Standalone

Analysis item \ Year		Financial analysis of the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	36.20	33.69	33.90	33.32	32.75
	Ratio of long-term capital to property, plant, and equipment	414,308.52	669,833.64	1,426,133.11	1,229,450.35	1,233,475.89
Solvency (%)	Current ratio	324.17	50.20	256.15	114.88	313.70
	Quick ratio	320.96	49.79	253.35	113.40	308.14
	Interest earned ratio (times)	749.71	860.24	771.27	883.55	838.66
Operating performance	Account receivable turnover (times)	49.82	67.66	-	1,336.50	1,364.16
	Average collection period	7	5	-	0.273	0.268
	Inventory turnover (times)	-	-	-	-	-
	Account payable turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Property, plant, and equipment turnover (times)	180.42	358.84	635.25	833.84	729.21
	Total assets turnover (times)	0.06	0.06	0.06	0.06	0.06
Profitability	Return on total assets (%)	4.77	5.59	4.94	4.68	4.33
	Return on shareholders' equity (%)	6.54	7.80	6.66	6.40	5.83
	Pre-tax income to paid-in capital (%)	19.59	27.01	23.53	23.79	22.23
	Profit ratio (%)	74.26	78.47	73.19	70.09	68.15
	Earnings per share (NT$)	2.32	2.83	2.53	2.43	2.21
Cash flows	Cash flow ratio (%)	(43.91)	19.49	90.32	54.04	204.60
	Cash flow adequacy ratio (%)	18.46	16.66	27.82	37.83	44.27
	Cash reinvestment ratio (%)	(3.20)	(0.09)	(0.39)	(0.77)	(0.67)
Leverage	Operational leverage	1.23	1.19	1.24	1.23	1.24
	Financial leverage	1.14	1.14	1.16	1.13	1.13

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:

(1) The increase in the current ratio was mainly due to the decrease in current liabilities in 2022.

(2) The increase in the quick ratio was mainly due to the decrease in current liabilities in 2022.

(3) The increase in the cash flow ratio was mainly due to the decrease in current liabilities in 2022.

Note 1: The above financial data are audited by a certified public accountant.

Note 2: The equation for the calculation of each financial ratio is as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + noncurrent liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventory – prepaid expense) / Current liabilities
   (3) Interest earned ratio (times) = Net income before tax and interest expense / Current interest expense
3. Operating performance
   (1) Account receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales / Average accounts receivable balance amount for each period (including accounts receivable and notes receivable from operating activities)
   (2) Average collection period = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable from operating activities) = Cost of goods sold / Average accounts payable balance amount for each period (including accounts payable and notes payable from operating activities)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant, and equipment turnover = Net sales / Average property, plant, and equipment amount (net)
   (7) Total assets turnover = Net sales / Total average assets
4. Profitability
   (1) Return on total assets = [Net income (loss) + interest expense x (1- tax rate)] / Total average assets
   (2) Return on shareholders' equity = Net income (loss) / Total average equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Profit and loss attributable to shareholders' equity of parent company – preferred stock dividend) / Weighted average shares issued
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Net cash flow from operating activities in the last 5 years / (Capital expenditure + increase in inventory + cash dividend) in the last 5 years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities – cash dividend) / (Gross amount of property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage:
   (1) Operational leverage = (Net operating income – variable cost and expense) / Operating profit
   (2) Financial leverage = Operating profit / (Operating profit – Interest expense)

CHC Healthcare Group

Audit Committee's Review Report

The Company's Board of Directors has prepared and presented the 2022 consolidated and standalone financial statements that were audited by Yu-Fang Yen, CPA and Pei-Lin Tu, CPA of PricewaterhouseCoopers (PwC) Taiwan with an independent auditor's report issued concluding that the Company's financial status, operating performance, and cash flow were presented fairly; also, the said financial statements together with the business report and earnings distribution proposal were reviewed by the Audit Committee members and concluded to be complying with the relevant law and regulations. The Review Report of the Audit Committee is prepared and presented in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours Faithfully,

2023 Annual Shareholders' Meeting

CHC Healthcare Group

Convener of Audit Committee: Kuei-Tuan Chen

March 22, 2023

IV. Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to pages 148 ~ 245.

V. Standalone financial report of the company that has been audited by an accountant in the most recent year, excluding the statement of major accounting items

Please refer to pages 246 ~ 306.

VI. The impact of financial difficulty of the company and its affiliated enterprises on the financial status of the company detailed in the financial report of the most recent year and as of the annual report printing date

None.

Seven. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status (The main reasons for the significant changes in assets, liabilities, and equity in the last two years and their impacts, if the impact is significant, the future response measures should be explained)

(I) The Company

Unit: NT$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	524,925	403,928	(120,997)	(23.05)
Financial assets at fair value through profit and loss – non-current	0	300	300	100.00
Financial assets at fair value through other comprehensive profit and loss – non-current	12,406	10,537	(1,869)	(15.07)
Investment accounted for using equity method	8,509,830	8,649,650	139,820	1.64
Property, plant, and equipment	705	730	25	3.55
Right-of-use assets	9,942	2,924	(7,018)	(70.59)
Other assets	66,749	65,066	(1,683)	(2.52)
Total assets	9,124,557	9,133,135	8,578	0.09
Current liabilities	456,932	128,761	(328,171)	(71.82)
Non-current liabilities	2,583,104	2,862,758	279,654	10.83
Total liabilities	3,040,036	2,991,519	(48,517)	(1.60)
Share capital	1,610,536	1,615,531	4,995	0.31
Capital surplus	3,533,299	3,544,423	11,124	0.31
Retained earnings	1,336,393	1,369,085	32,692	2.45
Other equity	(395,707)	(387,423)	8,284	(2.09)
Total equity	6,084,521	6,141,616	57,095	0.94
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year) Current assets: Chiefly due to the reduction in cash and cash equivalents during the current period. Current liabilities: Chiefly due to the reduction in short-term borrowings and current portion of long-term liabilities. Non-current liabilities: Chiefly due to the increase in long-term borrowings during the current period. Impact of changes in financial status in the last two years: No significant impact on financial status. Future response plan: Not applicable.				

(II) The Group

Unit: NT$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	3,783,844	3,851,549	67,705	1.79
Financial assets at fair value through profit and loss – non-current	59,960	60,260	300	0.50
Financial assets at fair value through other comprehensive profit and loss – non-current	31,447	29,578	(1,869)	(5.94)
Financial assets at amortized cost – non-current	208,180	204,337	(3,843)	(1.85)

Item \ Year	2021	2022	Difference	
			Amount	%
Non-current contract assets	49,762	45,457	(4,305)	(8.65)
Investment accounted for using equity method	8,641	8,307	(334)	(3.87)
Property, plant, and equipment	5,428,602	5,824,668	396,066	7.30
Right-of-use assets	77,444	104,293	26,849	34.67
Investment property - net	1,505,457	1,429,043	(76,414)	(5.08)
Intangible assets	631,278	610,157	(21,121)	(3.35)
Other assets	782,666	663,252	(119,414)	(15.26)
Total assets	12,567,281	12,830,901	263,620	2.10
Current liabilities	1,486,217	1,054,032	(432,185)	(29.08)
Non-current liabilities	4,767,207	5,373,773	606,566	12.72
Total liabilities	6,253,424	6,427,805	174,381	2.79
Share capital	1,610,536	1,615,531	4,995	0.31
Capital surplus	3,533,299	3,544,423	11,124	0.31
Retained earnings	1,336,393	1,369,085	32,692	2.45
Other equity	(395,707)	(387,423)	8,284	(2.09)
Non-controlling interests	229,336	261,480	32,144	14.02
Total equity	6,313,857	6,403,096	89,239	1.41
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year) Current liabilities: Chiefly due to the reduction in short-term borrowings and current portion of long-term liabilities. Non-current liabilities: Chiefly due to the increase in long-term borrowings during the current period. Impact of changes in financial status in the last two years: No significant impact on financial status. Future response plan: Not applicable.				

II. Analysis of Operation Results

(I) Main reasons for significant changes in operating income, net operating profit, and net income before tax in the last two years

1. The Company

Unit: NT$ thousands

Item \ Year	2021	2022	Increase/Decrease	
			Amount	Percentage of change(%)
Operating revenue	544,496	523,205	(21,291)	(3.91)
Operating cost	(116,012)	(113,040)	2,972	(2.56)
Gross profits	428,484	410,165	(18,319)	(4.28)
Non-operating income and expense	(45,398)	(50,955)	(5,557)	12.24
Profit (loss) before income tax	383,086	359,210	(23,876)	(6.23)
Income tax expenses	(1,453)	(2,639)	(1,186)	81.62
Profit (loss) for the year	381,633	356,571	(25,062)	(6.57)
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year No amount changes by more than 10%, and amount reaching 1% of the total assets takes place in the current year.				

2. The Group

Unit: NT$ thousands

Item \ Year	2021	2022	Increase/Decrease	
			Amount	Percentage of change (%)
Operating revenue	2,439,564	2,974,352	534,788	21.92
Operating cost	(1,590,083)	(2,072,038)	(481,955)	30.31
Gross profits	849,481	902,314	52,833	6.22
Operating expense	(356,153)	(426,554)	(70,401)	19.77
Operating profit	493,328	475,760	(17,568)	(3.56)
Non-operating income and expense	(2,259)	8,075	10,334	(457.46)
Profit (loss) before income tax	491,069	483,835	(7,234)	(1.47)
Income tax expense	(110,787)	(95,185)	15,602	(14.08)
Profit (loss) attributable to owners of the parent	381,633	356,571	(25,062)	(6.57)
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year Operating revenue and operating costs: Chiefly due to growth in sales revenue, which caused a corresponding increase in operating costs.				

(II) Expected sales volume and its reference, possible impact on the company's future financial business, and the response measures

1. The Company：Not applicable

2. The Group：Please refer to the "One. Letter to Shareholders"

III. Analysis of Cash Flow

(I) Analysis of changes in cash flows of the most recent year

1. The Company

Unit: NT$ thousands

Item \ Year	2021	2022	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	246,929	263,444	16,515	6.69
Investing activities	(10,738)	16,106	26,844	(249.99)
Financing activities	(110,137)	(368,608)	(258,471)	234.68
Analysis of changes: Investment activities: Chiefly due to the reduction in cash capital increases at subsidiaries during the current period. Financing activities: Chiefly due to the cash capital increase during the previous period, where no such capital increase occurred during the current period.				

2. The Group

Unit: NT$ thousands

Item \ Year	2021	2022	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	692,795	656,659	(36,136)	(5.22)
Investing activities	(990,353)	(339,979)	650,374	(65.67)
Financing activities	415,058	(346,452)	(761,510)	(183.47)
Analysis of changes: Investment activities: Chiefly due to the acquisition of subsidiaries due to M&As during the previous period, where no such acquisitions occurred during the current period. Financing activities: Chiefly due to the reduction in short-term borrowings during the current period and the cash capital increase during the previous period, where no such capital increase occurred during the current period.				

(II) Improvement plan for insufficient liquidity

The Company and the Group are without any insufficient liquidity issue.

(III) Cash liquidity analysis of next year (2023)

The Company

Unit: NT$ thousands

Cash balance – beginning (1)	Expected annual cash flow from operating activity (net) (2)	Estimated annual cash inflow (outflow) (3)	Cash surplus (insufficient) amount (1)+(2)+(3)	Remedy for insufficient cash	
				Investment Plan	Financial plan
182,787	241,119	(190,512)	233,394	Not applicable	Not applicable

1. Operating activities：The cash flow from operating activities of the Company in the coming year mainly comes from management consulting service fee income, dividend income from subsidiaries, and operating expense of the Group.
2. Investing activities：The Company’s cash flow from the investing activities in the coming year is mainly invested for the operation and development of the subsidiaries.
3. Remedy for insufficient cash：Not applicable.

IV. Major Capital Expenditure Items

(I) The Company

None.

(II) The Group

The acquisition of instrument and equipment (Stated as property, plant and equipment) and the land and buildings required for expansion and operation in response to the cooperation with medical institutions will have a positive effect on the financial business.

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

December 31,2022 Unit: NT$ thousands

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2022	Main reason for profit or loss	Improvement plan	Future investment plans
Chiu Ho Medical System Co., Ltd.	4,536,853	Medical instrument sales, leasing, and service	135,049	The company is with good performance.	N/A	N/A
Tomorrow Medical System Co., Ltd.	1,002,080	Medical instrument sales, leasing, and service	18,279	The company is with good performance.	N/A	N/A
Chiu Ho Scientific Co., Ltd.	159,277	Ophthalmic equipment sales, leasing, and service	25,357	The company is with good performance.	N/A	N/A
Hua Lin Instruments Co., Ltd.	526,532	Medical instrument leasing	41,991	The company is with good performance.	N/A	N/A
Shin-Ho Instruments Co., Ltd.	195,591	Medical instrument leasing	(13,469)	Losses caused by the completion of the Company's cooperation.	Development of irradiation service business.	Development of new businesses
Hsin Lin Biotech Co., Ltd.	34,246	Medical instrument leasing	8,012	The company is with good performance.	N/A	N/A

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2022	Main reason for profit or loss	Improvement plan	Future investment plans
E Century Health Care Corporation	736,043	Medical instrument leasing	71,641	The company is with good performance.	N/A	N/A
Tong-Lin Instruments Co., Ltd.	453,761	Medical instrument leasing	54,597	The company is with good performance.	N/A	N/A
Chiu Ho Biotech Co., Ltd.	242,947	Medical instrument leasing	22,308	The company is with good performance.	N/A	N/A
CHC Healthcare (BVI) Limited	388,110	Holding and indirect investment	(17,071)	The decrease in the operating revenue of the company's investee resulted in the loss.	To develop business proactively.	N/A
Treasure of Health Co., Ltd.	367,828	sales of medicines and health supplements	34,302	The company is with good performance.	N/A	N/A
CHC Healthcare (UK) Limited	6,382	Medical instrument sales	(1,028)	The company's initial operating costs were high, resulting in losses.	To develop business proactively.	N/A

Note: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 30.71 on December 31, 2022; GBP to NTD was 37.09 on December 31, 2022; the average USD to NTD was 29.80 in 2022, and the average GBP to NTD was 36.80 in 2022.

VI. Analysis of Risk Management

(I) The impact of changes in interest rate, exchange rate, and inflation on the company's profit and loss and the future countermeasures

1. Changes in interest rate

The interest expenses of the Group are mainly due to the bank loans borrowed as working capital for business operation. The interest expenses incurred in 2022 totaled NT$43,676 thousands, which accounted for 1.47% of the net operating revenue of the year, which was a very small ratio, so the impact of the changes in the interest rate on the Group's profit and loss was limited.

In order to avoid the impact of interest rate fluctuations on the Group's cost of capital, the Group has been paying attention to interest rate trends at all times, maintaining close contract with the banks, and increasing the proprietary funds to reduce interest expenses and dependence on financial institutions.

2. Changes in exchange rate

The Group's purchases are mainly for import. The net foreign currency exchange gain in 2022 was NT$19,689 thousands, which was 0.66% of the net operating revenue of the year, and had no significant impact.

In order to effectively reduce the impact of the changes in exchange rate on the overall profitability of the Group, the specific countermeasures are as follows：

(1) Setup foreign currency deposit accounts to manage foreign exchange positions, and trade foreign currency deposits on a timely manner to repay foreign currency payable for imports in order to reduce the impact of exchange rate fluctuation on profit and loss and achieve natural hedging effects.

(2) The financial staff maintains an appropriate net foreign exchange position based on the judgment of the future exchange rate trend in order to reduce the impact of exchange rate fluctuation on the Group's profitability.

3. Inflation

The Group's products are not necessities consumables; therefore, there is no immediate pressure on the sensitivity of inflation. However, the Group will still pay close attention to the fluctuation of market prices, plan the timing for incoming inventory, and maintain a good cooperative relationship with suppliers.

(II) The policies, reasons for profit or loss, and future countermeasures for engaging in high-risk, high-leverage investment, loaning of funds, making endorsements and guarantees, and trading of financial derivatives

1. Basing on the principle of prudence and pragmatic business philosophy, the Company does not engage in high-risk and highly leveraged investments other than focusing on long-term equity investments under the equity method.

2. The Company has stipulated relevant procedures, such as, "Procedures for Loaning of Funds," "Procedures for Making of Endorsements and Guarantees," and "Procedures for the Acquisition and Disposal of Assets," for the compliance of the Company and its subsidiaries in engaging in related operations. As of the annual report printing date, the Company and its subsidiaries have not engaged in any trading of financial derivatives. In addition, the loaning of funds and making of endorsements and guarantees are based on the aforementioned policies and countermeasures. Furthermore, the Group has always focused on the operations of the industry with limited risks associated.

(III) Future R&D projects and estimated R&D expenses

In consideration of the rising international awareness of health, safety, and environmental protection, as well as demand from industry, the Group plans to enter the irradiation market, and has obtained the approval of the Ministry of Science and Technology (MOST) to establish an irradiation facility in the Tongluo Science Park. The Group expects to engage in business lines including sterilization validation testing, X-ray photon/electron irradiation sterilization, and R&D of radiation-resistant materials and irradiation services. This project is still in the preliminary preparatory stage, and is expected to begin operation in 2023. The Group seeks to become the first provider of irradiation sterilization technology in line with the sustainable utilization principles in Taiwan. When the time comes, the Group will provide irradiation services stressing safety, high-performance, and freedom from residues, and set up a specialized laboratory and hire professional R&D and validation personnel dedicated to researching and developing new irradiation validation technology and providing higher-standard services, and also engage in research and development of radiation-resistant materials and new products, hoping to apply them to medical devices, in-vehicle materials, functional clothing materials and various packing materials in the future. The Group plans to invest NT$7,024 thousand in R&D during 2023.

(IV) The impact of the changes in domestic and international major policies and law on the company's financial business and the countermeasures

The Group handles daily operations in accordance with relevant domestic and foreign law and regulations. As of the annual report printing date, the changes in the major domestic and international policies and law have no significant impact on the Group's financial business. In the future, the management of the Group will also pay attention to any changes in major domestic and international policies and law, consult relevant experts if necessary, and take adequate measures to meet the operational needs of the company.

(V) Impact of changes in technology (including cybersecurity risks) and industry on the Company's finances, and response measures

1. Impact of cybersecurity risk on the Company's finances, and response measures

The Group has established comprehensive preventive measures to maintain network and

computer information security, but cannot guarantee that the computer systems controlling and maintaining the Company's operations and important accounting functions, etc. can completely avoid all online attacks from third party zombie systems. Such online attacks may enter the Group's internal network system using illegal methods, and disrupt the Company's operations and impair the Company's goodwill. As a consequence, the Group is using the following response measures in a continuing effort to strengthen cybersecurity control mechanisms, and thereby reduce the Group's cybersecurity risk, so that the Group is not subject to new risks and attacks among fast-evolving information security threats.

(1) E-mail system: The Company employs Chunghwa Telecom's cloud e-mail system service, and Cisco Systems' e-mail filter is used to block and filter out trash e-mail, and strengthen detection of phishing e-mail.

(2) Network protection: The Group uses Dell's EMC active network architecture; Firewalls employ load balancing protection management to strengthen network firewalls and network controls.

(3) Network redundancy: The Group uses Chunghwa Telecom's and Taipei Fiber's dual fiber-optic network redundancy to reduce risk of Internet service interruptions.

(4) The Group's partition nodes employ VPN interlinked applications to strengthen data protection.

(5) Data backups: Headquarters' systems and data are backed up to a subsidiary for off-site preservation on a daily basis.

(6) Regular implementation of information security awareness.

2. The impact of changes in technologies and industry on the company’s finances, and response measures

The Group’s main distribution products are world-renowned brands of radiation oncology, neurology, medical imaging, ophthalmology, and surgery. The technological changes and industrial changes will help the Group strengthen its supply chain relationship and provide new products to satisfy the needs of customers.

(VI) The impact of the changes in corporate image on corporate’s crisis management and the countermeasures

The Group adheres to the principle of good faith and the spirit of steadfastness and pragmatism. Since its incorporation, the Group has actively strengthened internal management to enhance quality and efficiency. Also, the Group continues to recruit outstanding talents to work for the company in order to build up the strength of the management team, and then feedback the operating results to the shareholders and the public in order to fulfill the corporate social responsibilities. So far, there has been no corporate crisis resulted from a corporate image change.

(VII) The expected benefits of the mergers and acquisitions, the possible risks, and the countermeasures

With the approach of the post-Covid age, having observed an even closer link between the public and pharmacies, the Group acquired a 51% equity share of Treasure of Health Co., Ltd. through investment by the parent company on October 6, 2021. The Group anticipates that the acquisition of chain community pharmacies will enable it to extend its feelers from the B2B market into the B2C market, which will better integrate its existing healthcare channel industry chain and achieve greater synergy.

The Group is currently planning a long-term care campus, and is simultaneously searching for small organizations with development potential for investment. On January 1, 2023, the Group's subsidiary SenCare Healthcare Company acquired 51% equity in the Chin An Company and 50.7% of investment in the Xing An Long-Term Care Corporation. The Group

hopes to quickly expand its long-term care operations through a dual business strategy encompassing both in-house establishment and acquisitions.

(VIII) The expected benefits of the plant expansion, the possible risks, and the countermeasures

None.

(IX) The risks of the purchases or sales concentration and the countermeasures

1. Purchases

The net purchase from supplier 甲 who was the Group's main supplier accounted for 13.66% of the total purchases in 2022, mainly because the Company's subsidiary, Chiu Ho Medical System Co., Ltd., was the exclusive agent of Supplier 甲 for radiation oncology instruments and equipment in Taiwan. 甲 concentrated purchase is resulted due to the increase in purchase in response to a rising market demand. The Group continues to maintain partnerships with major suppliers, by training professional maintenance engineers to perform self-installation, parts replacement, and follow-up maintenance and together with the advantages of marketing channels to increase the supplier's dependence on the Group in order to create an irreplaceable position that will protect the Group from being replaced by other agents arbitrarily.

2. Sales

The Group's main sales targets are the department of radiation oncology and ophthalmology of major public hospitals, consortium corporations, military hospitals, and general clinics in Taiwan. The sales target is quite scattered and there is no concentrated sale.

(X) The impact and the massive equity transfer or exchange on the directors, supervisors, or shareholders with more than 10% shareholdings, the risks, and the countermeasures

There had been no massive equity transfer or exchange made by the Company's directors, supervisors, and shareholders with more than 10% shareholdings in the most recent year and as of the annual report printing date.

(XI) The impact of changes in management rights on the company, the risks, and the countermeasures

The company had no change in management rights in the most recent year and as of the annual report printing date.

(XII) Litigation or non-litigation events

1. The major litigation cases, non-litigation cases, or administrative disputes that were concluded or yet to be concluded in the most recent year and as of the annual report printing date and the results that may have a significant impact on the shareholders' equity or security price, the fact in contention, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the current situation should be disclosed.

None.

2. For the company's directors, supervisors, president, substantive responsible person, major shareholders with more than 10% shareholdings, and subordinate companies, the major litigation cases, non-litigation cases, or administrative disputes that were concluded or yet to be concluded in the most recent year and as of the annual report printing date and the results that may have a significant impact on the shareholders' equity or security price, the fact in contention, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the current situation should be disclosed.

None.

(XIII) Other major risks and countermeasures

VII. Other major matters

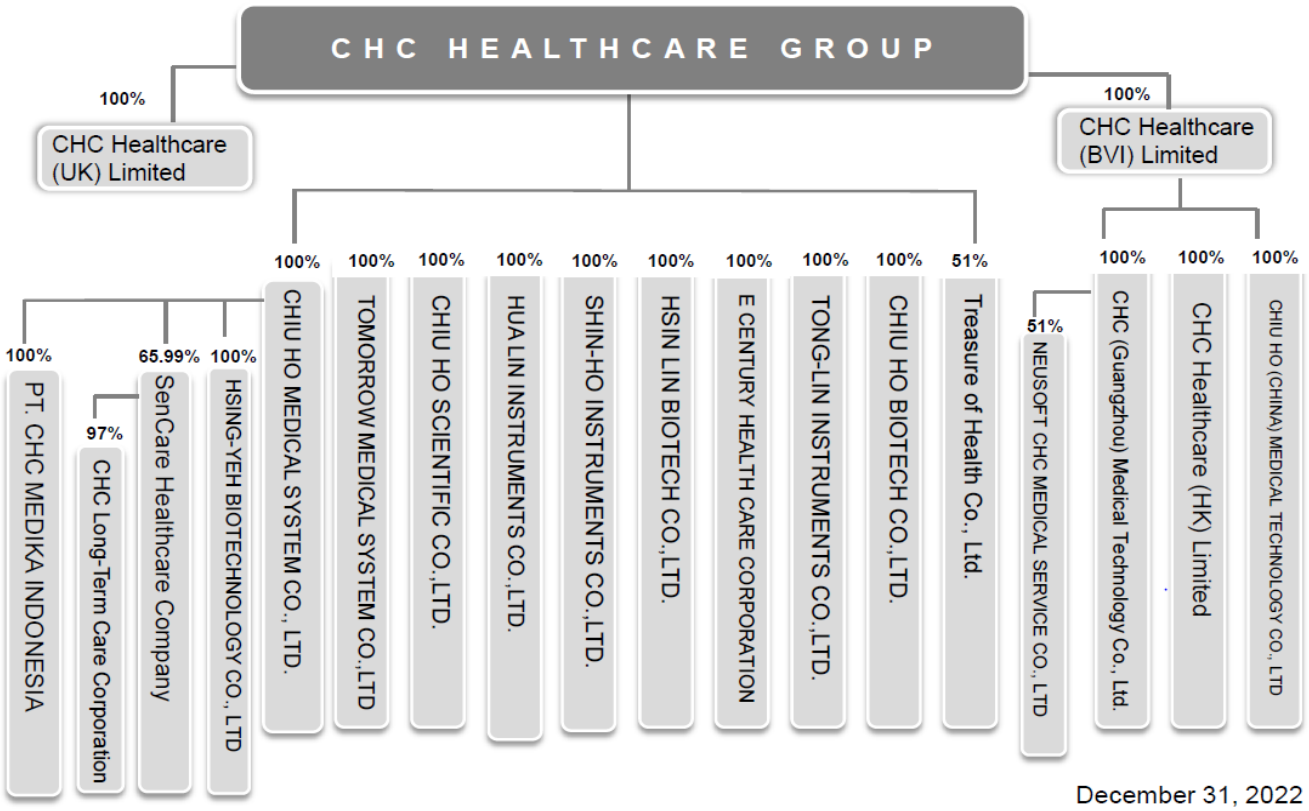
None.

Eight. Special Disclosure

I. Summary of Affiliated Companies

(I)Consolidated business report of the affiliated enterprises

1. Organizational chart of affiliated enterprises



2. Basic information of each affiliated enterprise

December 31,2022 Unit: NT$ (unless otherwise provided)

Company	Incorporation date	Address	Paid-in capital	Main business operation or products
Chiu Ho Medical System Co., Ltd.	03/17/2000	5F, No. 88, Xingai Road, Neihu District, Taipei City	4,070,000,000	Medical instrument sales, leasing, and service
Tomorrow Medical System Co., Ltd.	03/20/2006	6F, No. 88, Xingai Road, Neihu District, Taipei City	908,000,000	Medical instrument sales, leasing, and service
Chiu Ho Scientific Co., Ltd.	03/17/2006	6F, No. 88, Xingai Road, Neihu District, Taipei City	98,538,410	Ophthalmic equipment sales, leasing, and service
Hua Lin Instruments Co., Ltd.	07/10/1999	6F, No. 88, Xingai Road, Neihu District, Taipei City	416,000,000	Medical instrument leasing
Shin-Ho Instruments Co., Ltd.	10/16/2002	6F, No. 88, Xingai Road, Neihu District, Taipei City	213,000,000	Medical instrument leasing
Hsin Lin Biotech Co., Ltd.	03/07/2008	6F, No. 88, Xingai Road, Neihu District, Taipei City	20,000,000	Medical instrument leasing
E Century Health Care Corporation	12/06/2002	6F, No. 88, Xingai Road, Neihu District, Taipei City	520,000,000	Medical instrument leasing
Tong-Lin Instruments Co., Ltd.	02/25/2002	6F, No. 88, Xingai Road, Neihu District, Taipei City	350,000,000	Medical instrument leasing
Chiu Ho Biotech Co., Ltd.	12/16/2003	6F, No. 88, Xingai Road, Neihu District, Taipei City	210,000,000	Medical instrument leasing

Company	Incorporation date	Address	Paid-in capital	Main business operation or products
CHC Healthcare (BVI) Limited	11/23/2010	Walkers Chambers P.O. Box 92, Road Town, Tortola, British Virgin Islands	USD940	Holding and indirect investment
CHC Healthcare (HK) Limited	09/19/2012	Unit 806, 8/F Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong	HKD 1,000,000	Medical instrument sales, leasing, and service
CHC (Guangzhou) Medical Technology Co., Ltd.	07/13/2011	1009 GIE Tower, No. 403 HuangShi Rd. East, Yuexiu Dist., GuangZhou 510095, P.R.C	USD 9,502,777.42	Medical instrument sales, leasing, and service
Chiu Ho (China) Medical Technology Co., Ltd	05/30/2013	Room 1501, Fangheng Times Center, Building B, No. 10 Courtyard, Wangjing Street, Chaoyang District, Beijing City	USD 7,544,411.00	Medical instrument sales, leasing, and service
Hsing-Yeh Biotechnology Co., Ltd	09/21/2015	6F, No. 88, Xingai Road, Neihu District, Taipei City	936,000,000	Medical instrument sales, leasing, and drug sales
Neusoft CHC Medical Service Co., Ltd	03/28/2018	Room 227, No. 177-1, ChuangXin Street, Hun Nan District, Shenyang, Liaoning Province, 110179, China	RMB 7,200,000	Medical instrument sales, leasing, and service
SenCare Healthcare Company	09/27/2018	5F, No. 88, Xing'ai Rd., Neihu Dist., Taipei City	294,000,000	Management consulting and elderly residence
PT CHC Medika Indonesia	03/21/2017	Jl. Lebak Bulus 1 Lt. B1 Kav. 29 Kel. Cilandak Barat, Kec. Cilandak, Jakarta Selatan Indonesia	IDR 2,566,000,000	Medical instrument leasing
CHC Long-Term Care Corporation	12/31/2019	30, Lane 321, Yangxin N. Rd., Yangmei District, Taoyuan City	32,000,000	Long-term care service
Treasure of Health Co., Ltd.	03/27/2018	8F, 45 Zhongxing Rd., Xizhi District, New Taipei City	38,800,000	Sale of medicines and health supplements
CHC Healthcare (UK) Limited	10/22/2021	42-46 Station Road Edgware HA8 7AB	GBP 200,000	Medical instrument sales

3. The information of the same shareholders of the affiliated enterprises that are presumed to be with a control and subordination relationship with the Company: Not applicable.

4. The overall business operation of the affiliated enterprises

The businesses of the Company and the Company's affiliated enterprises include medical instrument wholesale, medical instrument retail, medical instrument leasing, holdings, general investment, and pharmaceuticals trading. The division of labor is as follows:

Name of enterprises	Division of labor
Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Chiu Ho Scientific Co., Ltd.	Medical instrument sales, leasing, and service
Hua Lin Instruments Co., Ltd., Shin-Ho Instruments Co., Ltd., Hsin Lin Biotech Co., Ltd., E Century Health Care Corporation, Tong-Lin Instruments Co., Ltd., Chiu Ho Biotech Co., Ltd., Neusoft CHC Medical Service Co., Ltd., and PT CHC Medika Indonesia	Medical instrument leasing
CHC Healthcare (BVI) Limited	Holding and indirect investment
CHC Healthcare (HK) Limited, CHC (Guangzhou) Medical Technology Co., Ltd., and Chiu Ho (China) Medical Technology Co., Ltd.,	Medical instrument sales, leasing, and service
Hsing-Yeh Biotechnology Co., Ltd	Medical instrument sales, leasing, and drug sales

Name of enterprises	Division of labor
SenCare Healthcare Company	Management consulting and elderly residence
CHC Long-Term Care Corporation	Long-term care service
Treasure of Health Co., Ltd.	Sale of medicines and health supplements
CHC Healthcare (UK) Limited	Medical instrument sales

5.Information on the directors, supervisors, and president of each affiliated enterprise

December 31,2022 Unit：Shares; %

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
Chiu Ho Medical System Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	407,000,000	100%
Tomorrow Medical System Co., Ltd.	Chairman Director Director Supervisor	Yi-Chun Chen (Representative of the Company) Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Tien-Ying, Lee (Representative of the Company)	90,800,000	100%
Chiu Ho Scientific Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	9,853,841	100%
Hua Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	41,600,000	100%
Shin-Ho Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	21,300,000	100%
Hsin Lin Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	2,000,000	100%
E Century Health Care Corporation	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	52,000,000	100%
Tong-Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	35,000,000	100%
Chiu Ho Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	21,000,000	100%
CHC Healthcare (BVI) Limited	Chairman	Pei-Lin Lee (Representative of the Company)	940	100%
CHC Healthcare (HK) Limited	Chairman	Pei-Lin Lee	100,000	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 9,502,777.42(Note 1)	100%
Chiu Ho (China) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 7,544,411.00 (Note 1)	100%

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
Hsing-Yeh Biotechnology Co., Ltd	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Yi-Chun Chen (Representative of Chiu Ho Medical System Co., Ltd.) Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.)	93,600,000	100%
Neusoft CHC Medical Service Co., Ltd	Chairman Director Director Director Director Supervisor Supervisor	Shaojie Wu (Representative of Neusoft Medical Technology Co., Ltd.) Donglong Han (Representative of Neusoft Medical Technology Co., Ltd.) Tien-Ying Lee (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Ming-Lun Lee (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Fangqin Zhang (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Yi-Chun Chen (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Sue Kong (Representative of Neusoft Medical Technology Co., Ltd.)	RMB 3,672,000 (Note 1)	51%
SenCare Healthcare Company	Chairman Director Director Director Director Supervisor Supervisor	Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.) Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Sakurajyuji Co., Ltd. KAJI MASATO Yi-Chun Chen NISHIKAWA TOMOKI	19,400,000	65.99%
PT CHC Medika Indonesia	Director Supervisor	ANNY EKA YASIKA LIN MENG YU	2,566	100%
CHC Long-Term Care Corporation	Chairman Director Director Supervisor	Pei-Lin, Lee Tien-Ying Lee (Representative of SenCare Healthcare Company) Yi-Chun Chen Ming-Fa Hsieh	NTD 31,040,000 (Note 2)	97%
Treasure of Health Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Pei-Lin Lee (Representative of the Company) Tien-Ying Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Kun-Chang Su Yu-Chih Chuang Yi-Chun Chen Kui-Rong Su	1,978,800	51%
CHC Healthcare (UK) Limited	Chairman	Tzu-Lan Tung (Representative of the Company.)	200,000	100%

Note 1: It is a limited company without any share issued, so the invested capital amount and ratio are listed.
Note 2: Juridical association, and unissued shares, therefore the listing of share capital and ratio of capital contribution.

6. Affiliated enterprise operational overview

Unit: NT$ thousands

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Chiu Ho Medical System Co., Ltd.	4,070,000	5,641,600	1,061,391	4,580,209	902,888	78,300	146,985	0.36
Tomorrow Medical System Co., Ltd.	908,000	2,085,931	1,083,851	1,002,080	217,740	14,128	18,279	0.23

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Chiu Ho Scientific Co., Ltd.	98,538	251,455	92,178	159,277	183,662	33,457	25,357	2.57
Hua Lin Instruments Co., Ltd.	416,000	615,471	88,939	526,532	230,146	52,360	41,991	1.01
Shin-Ho Instruments Co., Ltd.	213,000	849,934	654,343	195,591	0	(8,111)	(13,469)	(0.63)
Hsin Lin Biotech Co., Ltd.	20,000	47,961	13,715	34,246	30,430	10,073	8,012	1.55
E Century Health Care Corporation	520,000	819,301	88,534	730,767	309,993	92,609	71,641	1.27
Tong-Lin Instruments Co., Ltd.	350,000	549,415	95,470	453,945	197,682	68,068	54,553	1.45
Chiu Ho Biotech Co., Ltd.	210,000	255,190	12,243	242,947	86,635	27,880	22,308	0.94
CHC Healthcare (BVI) Limited	28	388,110	0	388,110	0	(8)	(17,071)	(18,160.64)
Treasure of Health Co., Ltd.	38,800	419,960	294,981	124,979	826,880	101,413	84,154	21.69
CHC Healthcare (UK) Limited	7,364	6,382	0	6,382	0	(1,028)	(1,028)	(5.14)
CHC Healthcare (HK) Limited	3,986	40,701	0	40,701	0	(46)	43	0.43
CHC (Guangzhou) Medical Technology Co., Ltd.	291,830	237,985	24,611	213,374	86,398	(17,602)	(17,836)	Note 3
Chiu Ho (China) Medical Technology Co., Ltd.	231,689	126,744	1,433	125,311	2,574	(2,942)	700	Note 3
Hsing-Yeh Biotechnology Co., Ltd.	936,000	1,065,834	70,152	995,682	214,724	32,376	28,370	0.30
Neusoft CHC Medical Service Co., Ltd	31,738	9,055	61	8,994	2,112	(292)	(198)	Note 3
SenCare Healthcare Company	294,000	293,237	6,020	287,217	258	(2,998)	(2,215)	(0.08)
PT CHC Medika Indonesia	5,358	3,445	3,387	58	9,406	(609)	(590)	(229.93)
CHC Long-Term Care Corporation	32,000	29,048	471	28,577	0	(1,010)	(902)	Note 4

Note 1: It is filled out in accordance with the individual financial report that is audited by a certified public accountant in conformity with the International Financial Reporting Standards.

Note 2: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 30.71 on December 31, 2022; USD to RMB was 6.9669 on December 31, 2022; IDR to NTD was 0.00198 on December 31, 2022; GBP to NTD was 37.09 on December 31, 2022; the average USD to NTD was 29.80 in 2022; the average USD to RMB was 6.7421 in 2022; the average IDR to NTD was 0.00201 in 2022, and the average GBP to NTD was 36.80 in 2022. The Group also use the exchange rate announced by the UBC Sauder School of Business: USD to HKD was 7.7974 on December 31, 2022, and the average USD to HKD was

7.8306 in 2022.
Note 3: It is not applicable to a limited company that does not issue stock shares.
Note 4: Juridical association, unissued shares, therefore not applicable.

(II) Consolidated financial statements of the affiliated enterprises

The companies to be included in the Company's 2022 (from January 1, 2022 to December 31, 2022) consolidated financial statements of the affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same companies to be included in the consolidated financial statements of the parent company and subsidiaries in accordance with Article 27 of the International Accounting Standards; also, the relevant information in the consolidated financial statements of the affiliated enterprise that should be disclosed has already been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries. Therefore, the consolidated financial statements of the affiliated enterprise will not be prepared separately.

(III) Relationship report

According to the provisions of Article 369-12 of the Company Act, the Company is not a public offering company's subsidiary, so it is not necessary to prepare a relationship report.

II. Private Placement Securities in the Most Recent Years

None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

None.

IV. Other supplementary information

None.

V. The impact of the events as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act on shareholder's equity or security price in the most recent year and as of the annual report printing date

None.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of CHC Healthcare Group as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHC Healthcare Group and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CHC HEALTHCARE GROUP

By

Pei-Lin Lee
Chairman

March 22, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying consolidated balance sheets of CHC Healthcare Group and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2022, the Group generated goodwill of NT$150,617 thousand and NT$202,834 thousand as a result of the merger with Shih-Lu Co., Ltd. and with Treasure of Health Co., Ltd., respectively.

After identifying the smallest cash generating unit which can generate independent cash flows, the Group used the recoverable amount of each cash generating unit to assess whether goodwill may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgment and have high uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

Refer to Note 4(20) for the accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment and Note 6(13) for related details.

How our audit addressed the matter

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

A. Obtained an understanding on how management identifies the objective evidence of goodwill impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Obtained the report on the valuation of the subsidiary issued by an expert appointed by the management and performed the following:

(1) Assessed the expert's independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation model is reasonable based on our knowledge of the Group's businesses and industry.

(3) Confirmed whether the expert uses the same future cash flows relative to the budget for the future years provided by the management.

(4) Checked whether the comparable assets adopted in appraisal report are consistent with the actual operations.

(5) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Impairment assessment of property, plant and equipment

Description

Some of the Group's leasing businesses were not as profitable as expected due to fierce competition in the healthcare industry. The Group assesses the impairment based on the estimated recoverable amounts of leased assets (shown as property, plant and equipment) where there is an indication that they are impaired. Given that the calculation of recoverable amounts requires significant accounting estimates relying on subjective judgment and a high degree of uncertainty, we considered the impairment assessment of leased assets as a key audit matter.

Refer to Note 4(20) for the accounting policy on asset impairment and Note 5(2) for accounting estimates and assumption uncertainty of asset impairment.

How our audit addressed the matter

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

A. Obtained an understanding on how management identifies the objective evidence of impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Acquired the asset appraisal report issued by an expert appointed by the management and performed the following:

(1) Assessed the independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation method is widely adopted and appropriate based on our knowledge of the Group's businesses and industry.

(3) Confirmed whether the replacement cost, comparative objects and the assets' use indicated on the appraisal report are consistent with the actual operations.

(4) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CHC Healthcare Group as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For and on behalf of PricewaterhouseCoopers, Taiwan
March 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,472,849	11	$ 1,493,927	12
1110	Financial assets at fair value through profit or loss - current	6(2)	41,911	-	90,904	1
1136	Current financial assets at amortised cost	6(4)	205,144	2	334,400	3
1140	Contract assets - current	6(23)	61,294	-	54,104	-
1150	Notes receivable, net	6(5)	46,322	-	43,334	-
1170	Accounts receivable, net	6(5)	581,428	5	484,927	4
1180	Accounts receivable - related parties	7	251,851	2	227,579	2
1200	Other receivables	6(5)	1,925	-	6,748	-
1210	Other receivables due from related parties	7	71,369	1	162,970	1
1220	Current tax assets		212	-	79	-
130X	Inventories	6(6)(9)	527,921	4	321,593	3
1410	Prepayments	6(7)	576,491	5	547,300	4
1470	Other current assets		12,832	-	15,979	-
11XX	**Total current assets**		3,851,549	30	3,783,844	30
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	60,260	-	59,960	1
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	29,578	-	31,447	-
1535	Financial assets at amortised cost - non-current	6(4) and 8	204,337	2	208,180	2
1560	Contract assets - non-current	6(23)	45,457	-	49,762	-
1550	Investments accounted for using equity method	6(8)	8,307	-	8,641	-
1600	Property, plant and equipment	6(9)(12) and 8	5,824,668	45	5,428,602	43
1755	Right-of-use assets	6(10) and 7	104,293	1	77,444	1
1760	Investment property, net	6(9)(12) and 8	1,429,043	11	1,505,457	12
1780	Intangible assets	6(13)(31)	610,157	5	631,278	5
1840	Deferred tax assets	6(29)	88,730	1	89,190	1
1930	Long-term notes and accounts receivable	6(5)	240,563	2	154,020	1
1940	Long-term notes and accounts receivable - related parties	7	12,049	-	26,168	-
1990	Other non-current assets	6(9)(12)(14) 8 and 11	321,910	3	513,288	4
15XX	**Total non-current assets**		8,979,352	70	8,783,437	70
1XXX	**Total assets**		$ 12,830,901	100	$ 12,567,281	100

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(15)	$ 339,545	3	$ 636,211	5
2130	Contract liabilities - current	6(23)	53,726	-	42,488	-
2150	Notes payable		20,993	-	10,568	-
2170	Accounts payable	7	325,733	3	199,510	2
2200	Other payables	6(9)(12)	121,185	1	148,989	1
2230	Current tax liabilities		79,858	1	93,458	1
2250	Provisions for liabilities - current		14,390	-	17,201	-
2280	Lease liabilities - current	7	27,081	-	17,717	-
2320	Long-term liabilities, current portion	6(17) and 8	67,020	-	316,435	3
2399	Other current liabilities		4,501	-	3,640	-
21XX	**Total current liabilities**		1,054,032	8	1,486,217	12
	Non-current liabilities					
2527	Contract liabilities - non-current	6(23)	645,381	5	638,653	5
2530	Bonds payable	6(16)	1,510,024	12	1,499,378	12
2540	Long-term borrowings	6(17) and 8	2,913,273	23	2,386,824	19
2550	Provisions for liabilities - non-current	6(9)	18,032	-	13,032	-
2570	Deferred tax liabilities	6(29)	91,815	1	94,170	1
2580	Lease liabilities - non-current	7	158,010	1	109,242	1
2600	Other non-current liabilities	6(17)	37,238	-	25,908	-
25XX	**Total non-current liabilities**		5,373,773	42	4,767,207	38
2XXX	**Total liabilities**		6,427,805	50	6,253,424	50
	Equity attributable to owners of the parent					
	Share capital	6(19)(20)				
3110	Common stock		1,615,531	13	1,610,536	13
	Capital surplus	6(16)(19)(21)				
3200	Capital surplus		3,544,423	27	3,533,299	27
	Retained earnings	6(22)				
3310	Legal reserve		391,867	3	353,704	3
3320	Special reserve		395,708	3	387,124	3
3350	Unappropriated retained earnings		581,510	5	595,565	5
	Other equity	6(3)				
3400	Other equity		(387,423)	(3)	(395,707)	(3)
31XX	**Total equity attributable to owners of the parent**		6,141,616	48	6,084,521	48
36XX	**Non-controlling interest**	4(3)	261,480	2	229,336	2
3XXX	**Total equity**		6,403,096	50	6,313,857	50
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 12,830,901	100	$ 12,567,281	100

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenue**	6(5)(11)(12)(23) and 7	$ 2,974,352	100	$ 2,439,564	100
5000	**Operating costs**	6(6)(9)(10)(12)(18)(19)(28) and 7	(2,072,038)	(70)	(1,590,083)	(65)
5950	**Gross profit**		902,314	30	849,481	35
	Operating expenses	6(9)(10)(12)(18)(19)(28) and 7				
6100	Selling expenses		(184,049)	(6)	(122,279)	(5)
6200	General and administrative expenses		(238,348)	(8)	(233,558)	(10)
6450	Loss on expected credit impairment		(4,157)	-	(316)	-
6000	**Total operating expenses**		(426,554)	(14)	(356,153)	(15)
6900	**Operating profit**		475,760	16	493,328	20
	Non-operating income and expenses					
7100	Interest income	6(4)(10)(11)(24) and 7	12,530	-	9,564	-
7010	Other income	6(11)(12)(25)	13,044	-	10,703	1
7020	Other gains and losses	6(2)(10)(26)	54,102	2	31,349	1
7050	Finance costs	6(27) and 7	(71,267)	(2)	(62,516)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(8)	(334)	-	8,641	-
7000	**Total non-operating income and expenses**		8,075	-	(2,259)	-
7900	**Profit before income tax**		483,835	16	491,069	20
7950	Income tax expense	6(29)	(95,185)	(3)	(110,787)	(5)
8200	**Profit for the year**		$ 388,650	13	$ 380,282	15
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 1,869)	-	($ 4,334)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		10,220	-	(5,031)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)	(2)	-	(5)	-
8300	**Other comprehensive income (loss) for the year**		$ 8,349	-	($ 9,370)	-
8500	**Total comprehensive income for the year**		$ 396,999	13	$ 370,912	15
	Profit attributable to:					
8610	Owners of the parent		$ 356,571	12	$ 381,633	15
8620	Non-controlling interest		$ 32,079	1	($ 1,351)	-
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 364,855	12	$ 373,050	15
8720	Non-controlling interest		$ 32,144	1	($ 2,138)	-
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(30)	$	2.21	$	2.43
9850	**Diluted earnings per share**	6(30)	$	1.98	$	2.18

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent													
		Capital Reserves					Retained Earnings			Other Equity Interest					
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee stock options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
2021															
Balance at January 1, 2021		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437	$ 152,564	$ 6,000,001
Consolidated net income		-	-	-	-	-	-	-	381,633	-	-	-	381,633	(1,351)	380,282
Other comprehensive loss		-	-	-	-	-	-	-	-	(4,249)	(4,334)	-	(8,583)	(787)	(9,370)
Total comprehensive income (loss)		-	-	-	-	-	-	-	381,633	(4,249)	(4,334)	-	373,050	(2,138)	370,912
Appropriations of 2020 earnings	6(22)														
Legal reserve		-	-	-	-	-	36,639	-	(36,639)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(313,648)	-	-	-	(313,648)	-	(313,648)
Special reserve		-	-	-	-	-	-	(728)	728	-	-	-	-	-	-
Issuance of shares	6(20)	47,220	118,522	-	-	-	-	-	-	-	-	-	165,742	-	165,742
Decrease in of treasury shares	6(20)	(10,000)	(21,391)	(173)	-	-	-	-	(3,392)	-	-	34,956	-	-	-
Proceeds from capital reduction of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(48,140)	(48,140)
Exercise of employee stock options	6(19)(20)	2,877	8,451	-	(2,594)	-	-	-	-	-	-	-	8,734	-	8,734
Compensation cost of employee stock options	6(19)	-	-	-	1,131	-	-	-	-	-	-	-	1,131	-	1,131
Compensation cost of employee stock options of subsidiaries	6(19)	-	-	-	2,075	-	-	-	-	-	-	-	2,075	-	2,075
Increase in non-controlling interests	6(31)	-	-	-	-	-	-	-	-	-	-	-	-	127,050	127,050
Balance at December 31, 2021		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521	$ 229,336	$ 6,313,857
2022															
Balance at January 1, 2022		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521	$ 229,336	$ 6,313,857
Consolidated net income		-	-	-	-	-	-	-	356,571	-	-	-	356,571	32,079	388,650
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	10,153	(1,869)	-	8,284	65	8,349
Total comprehensive income (loss)		-	-	-	-	-	-	-	356,571	10,153	(1,869)	-	364,855	32,144	396,999
Appropriations of 2021 earnings	6(22)														
Legal reserve		-	-	-	-	-	38,163	-	(38,163)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	8,584	(8,584)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(323,879)	-	-	-	(323,879)	-	(323,879)
Exercise of employee stock options	6(19)(20)	4,995	14,339	-	(4,973)	-	-	-	-	-	-	-	14,361	-	14,361
Compensation cost of employee stock options	6(19)	-	-	-	595	-	-	-	-	-	-	-	595	-	595
Compensation cost of employee stock options of subsidiaries	6(19)	-	-	-	1,163	-	-	-	-	-	-	-	1,163	-	1,163
Balance at December 31, 2022		$ 1,615,531	$ 3,476,727	$ -	$ 8,551	$ 59,145	$ 391,867	$ 395,708	$ 581,510	($ 35,386)	($ 352,037)	$ -	$ 6,414,616	$ 261,480	$ 6,403,096

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 483,835	$ 491,069
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss		4,157	316
Depreciation charge	6(9)(10)(12)(28)	478,142	455,071
Amortisation charge	6(13)(28)	21,240	5,521
Loss on disposal of property, plant and equipment	6(26)	50,780	160
Property, plant and equipment transferred to expenses	6(9)	1,673	-
Gain on disposal of investment property	6(26)	(106,590)	(31,661)
Gain from lease modification	6(26)	-	(133)
Interest expense		68,538	54,815
Interest income	6(24)	(12,530)	(9,564)
Dividend income	6(25)	(3,508)	(1,441)
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(8)	334	(8,641)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(26)	17,992	964
Amortisation of discount on bonds payable	6(27)	10,646	10,570
Compensation cost of employee stock options	6(19)(28)	1,758	3,206
Changes in operating assets and liabilities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		30,701	14,732
Contract assets		(2,885)	(7,292)
Notes receivable		4,747	5,079
Accounts receivable		(153,494)	26,218
Accounts receivable - related parties		(11,717)	60,732
Other receivables		4,391	(3,660)
Other receivables - related parties		101	(101)
Inventories		(209,228)	7,155
Prepayments		(29,191)	(90,578)
Other current assets		3,147	(14,251)
Changes in operating liabilities			
Contract liabilities		8,192	(115,235)
Notes payable		10,425	(15,173)
Accounts payable		128,553	26,774
Other payables		7,054	(6,666)
Provisions for liabilities		(2,811)	(4,646)
Other current liabilities		860	(14,250)
Cash inflow generated from operations		805,312	839,090
Dividends received during the year		3,508	1,941
Interest paid during the year		(53,876)	(47,455)
Interest received during the year		12,530	9,564
Income tax paid		(110,815)	(110,345)
Net cash flows from operating activities		656,659	692,795

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		$ -	($ 14,155)
Proceeds from disposal of financial assets at amortised cost		133,099	-
Acquisition of financial assets at fair value through profit or loss		-	(59,960)
Decrease in other receivables - related parties		91,500	11,000
Acquisition of property, plant and equipment	6(9)	(682,633)	(514,091)
Proceeds from disposal of property, plant and equipment		1,238	-
Acquisition of investment property	6(12)	(2,077)	(4,533)
Proceeds from disposal of investment properties		166,015	56,506
Increase in refundable deposits		(64,515)	(50,663)
Decrease in refundable deposits		35,078	59,223
Increase in other non-current assets		(17,684)	(158,652)
Net cash flows from acquisition of subsidiaries	6(31)	-	(315,028)
Net cash flows used in investing activities		(339,979)	(990,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(33)	3,481,275	3,417,540
Decrease in short-term loans	6(33)	(3,777,941)	(2,971,563)
Payments of lease liabilities	6(33)	(23,737)	(13,691)
Proceeds from long-term debt	6(33)	2,635,000	611,185
Repayments of long-term debt	6(33)	(2,348,300)	(434,397)
Increase in guarantee deposits received	6(33)	2,902	1,834
Decrease in guarantee deposits received	6(33)	(6,133)	(8,538)
Exercise of employee stock options		14,361	8,734
Proceeds from issuance of shares	6(20)	-	165,742
Payment of cash dividends	6(22)	(323,879)	(313,648)
Return of capital to minority interest due to capital reduction of subsidiaries		-	(48,140)
Net cash flows (used in) from financing activities		(346,452)	415,058
Effect of changes in foreign currency exchange rates on cash and cash equivalents		8,694	(4,095)
(Decrease) increase in cash and cash equivalents		(21,078)	113,405
Cash and cash equivalents at beginning of year		1,493,927	1,380,522
Cash and cash equivalents at end of year		$ 1,472,849	$ 1,493,927

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group (CHC or the "Company") was incorporated in the Republic of China. The shares of the Company were listed on the Taiwan Stock Exchange on October 24, 2012. The Company and its subsidiaries (the "Group") are primarily engaged in the trading of pharmaceutical products and health food, and the sale, leasing, installation, and repair of medical instruments.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 22, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets and liabilities at fair value through other comprehensive income.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
CHC	Chiu Ho Medical System Co., Ltd. (Chiu Ho Medical)	Medical instrument sale, leasing and services	100	100	Note 1
CHC	Tomorrow Medical System Co., Ltd. (Tomorrow)	Medical instrument sale, leasing and services	100	100	
CHC	Chiu Ho Scientific Co., Ltd. (Chiu Ho Scientific)	Ophthalmic equipment sale, leasing and services	100	100	
CHC	Chiu Ho Biotech Co., Ltd. (Chiu Ho Biotech)	Medical instrument leasing	100	100	
CHC	Shin-Ho Instruments Co., Ltd. (Shin-Ho)	Medical instrument leasing	100	100	
CHC	Tong-Lin Instruments Co., Ltd. (Tong-Lin)	Medical instrument leasing	100	100	
CHC	Hua Lin Instruments Co., Ltd. (Hua Lin)	Medical instrument leasing	100	100	
CHC	Hsin Lin Biotech Co., Ltd. (Hsin Lin)	Medical instrument leasing	100	100	
CHC	E Century Healthcare Corporation (E Century)	Medical instrument leasing	100	100	
CHC	CHC Healthcare (BVI) Limited (CHC (BVI))	Holdings and indirect investments	100	100	
CHC	Treasure of Health Co., Ltd. (Treasure of Health)	Drug and health supplements sale	51	51	Note 2
CHC	CHC Healthcare (UK) Limited (CHC (UK))	Medical instrument sale	100	-	Note 3
Chiu Ho Medical	Medlink Healthcare Limited (Medlink)	Medical instrument sale	-	-	Note 1
Chiu Ho Medical	Hsing-Yeh Biotechnology Co., Ltd. (Hsing-Yeh)	Medical instrument sale and leasing; drug sale	100	100	Note 1
Chiu Ho Medical	SenCare Healthcare Company (SenCare)	Consulting service, elderly residence and senior fitness	66	66	

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Chiu Ho Medical	PT CHC Medika Indonesia (PT CHC)	Medical instrument leasing	100	100	
Medlink	Hsing-Yeh Biotechnology Co., Ltd. (Hsing-Yeh)	Medical instrument sale and leasing; drug sale	-	-	Note 1
SenCare	CHC Long-Term Care Corporation (CHC LTC)	Long-term care services	97	97	
CHC (BVI)	CHC Healthcare (HK) Limited (CHC (HK))	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	CHC (Guangzhou) Medical Technology Co., Ltd. (CHC Guangzhou)	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	Chiu Ho (CHINA) Medical Technology Co., Ltd. (Chiu Ho (CHINA))	Medical instrument sale, leasing and services	100	100	
CHC (Guangzhou)	Neusoft CHC Medical Service Co., Ltd. (Neusoft CHC)	Medical instrument leasing	51	51	

Note 1: The Company's indirect subsidiary, Medlink, merged with the Company's subsidiary, Chiu Ho Medical, on September 1, 2021. Chiu Ho Medical was the surviving company. After the merger, the shareholding ratio of the Company in Chiu Ho Medical was 100%. The merger has no significant influence on the shareholders' equity of the parent company as it was a reorganisation within the Group.

Note 2: The Company acquired Treasure of Health on October 6, 2021 and Treasure of Health was included in the consolidated financial statements thereafter.

Note 3: The Company invested and established CHC (UK) on May 17, 2022 and CHC (UK) was included in the consolidated financial statements starting from the establishment date.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2022 and 2021, the non-controlling interest amounted to $261,480 and

$229,336, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
	Principal place	December 31, 2022		December 31, 2021		
Name of subsidiary	of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Treasure of Health	Taiwan	$ 158,523	49%	$ 125,567	49%	-

Summarised financial information of the subsidiaries:

Balance sheet

	Treasure of Health	
	December 31, 2022	December 31, 2021
Current assets	$ 276,066	$ 99,298
Non-current assets	594,900	546,385
Current liabilities	(186,245)	(78,332)
Non-current liabilities	(158,370)	(108,258)
Total net assets	$ 526,351	$ 459,093

Statement of comprehensive income

	Treasure of Health	
	Year ended December 31, 2022	For the period from October 6, 2021 to December 31, 2021
Revenue	$ 826,880	$ 117,771
Profit before income tax	84,113	301
Income tax expense	(16,856)	(3,328)
Profit (loss) for the year	67,258	(3,027)
Total comprehensive income (loss) for the year	$ 67,258	($ 3,027)
Comprehensive income (loss) attributable to non-controlling interest	$ 32,956	($ 1,483)

Statement of cash flows

	Treasure of Health	
	Year ended December 31, 2022	For the period from October 6, 2021 to December 31, 2021
Net cash provided by operating activities	$ 45,178	$ 26,384
Net cash used in investing activities	(13,253)	(13,677)
Net cash used in financing activities	(2,264)	(1,812)
Increase in cash and cash equivalents	29,661	10,895
Cash and cash equivalents, beginning of year	30,937	20,042
Cash and cash equivalents, end of year	$ 60,598	$ 30,937

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)-lease receivables / operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

C. If the Group recognises rental revenue based on a certain percentage of lessees' operating revenue, then the rent is belonged to a contingent rent, which should be treated as an operating lease. The revenue will be recognised based on the receivable rents during the contract period.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Some subsidiaries entered into an agency contract with the original equipment manufacturer for repair parts. Under a range of guarantee paid by subsidiaries, repair parts will be provided by the original equipment manufacturer without consideration. Subsidiaries return those repair parts, and the original equipment manufacturer returns the guarantee if the agency contract is terminated.

(15) Investments accounted for using the equity method / associates

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

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

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive

income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

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

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

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures (including auxiliary facilities)	3 ~ 50 years
Transportation equipment	5 years
Machinery and equipment	3 ~ 12 years
Leased assets-Machinery and equipment	1.33 ~ 50 years

Leased assets-others	1 ~ 25 years
Other equipment	1 ~ 50 years
Leasehold improvements	3 ~ 5 years

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

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

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

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

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

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

(b) Any lease payments made at or before the commencement date; and

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

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognise the difference in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 4~55 years.

(19) Intangible assets

A. Trademark licenses and supply rights

Trademark licenses and supply rights acquired in a business combination are recognised at fair value at the acquisition date. Trademark licenses and supply rights have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 13 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use an evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

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

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

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument

in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus-share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus - share options’.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Provisions

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

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that subscription price and shares are determined.

(29) Income tax

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

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax

regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

(30) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

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

(32) Revenue recognition

A. Sales of goods

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

(b) The Group's obligation to provide maintenance and repair services for faulty goods under the standard warranty terms is recognised as a provision.

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

(d) Installment sales with periodic collections of consideration

Revenue attributable to the sales price (excluding interest) is recognised on the date of sale. The sales price is the present value of consideration to be collected, calculated by discounting future payments receivable. Interest income is recognised when earned using the effective interest method.

B. Maintenance, repair, and installation service

(a) The Group provides maintenance, repair, and installation services for medical equipment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Certain customer contracts include equipment sale and installation services. In such contracts, the Group provides a significant service of integrating goods and services into a combined item, therefore the equipment and the installation service cannot be separately identified. The timing of revenue recognition is the same as that of the sale of goods.

(c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(d) Revenue from a service contract in which the Group bills a fixed amount based on the

period of service provided is recognised at the amount to which the Group has the right to invoice.

C. Revenue from trademark licensing fee

The collection of trademark licensing fee is calculated based on a certain percentage of customer sales as negotiated by the Group and the customer. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

D. For detailed information on rental revenue, please refer to Note 4(13).

E. Financing components

The Group adjusts the transaction prices for the time value of money if the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-

current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

Except for the accounting estimates (detailed in (2) below), the management does not make any judgment that significantly affect the recognised amounts in consolidated financial statements when applying the Group's accounting policies.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,207	$ 1,281
Checking accounts and demand deposits	1,421,642	1,346,823
Time deposits	50,000	145,823
	$ 1,472,849	$ 1,493,927

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

B. The Group classified restricted cash and cash equivalents pledged to others for the performance of contract and bank borrowings as other non-current assets. Refer to Note 8 for details.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 68,785	$ 80,751
Unlisted stocks	-	1,014
Valuation adjustment	(26,874)	9,139
	$ 41,911	$ 90,904
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 59,960	$ 59,960
Non-hedging derivatives (Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	1,050	1,050
Valuation adjustment	(750)	(1,050)
	$ 60,260	$ 59,960

For the years ended December 31, 2022 and 2021, net loss on financial assets at fair value through profit or loss were ($17,992) and ($964), respectively, shown as ‘other gains and losses’.

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Listed stocks	$ 340,215	$ 340,215
Unlisted stocks	41,400	41,400
Valuation adjustment	(352,037)	(350,168)
	$ 29,578	$ 31,447

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $29,578 and $31,447 as at December 31, 2022 and 2021, respectively.

B. The Group recognised ($1,869) and ($4,334) in other comprehensive loss for fair value change for the years ended December 31, 2022 and 2021, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	$ 205,144	$ 334,400
Non-current items:		
Time deposits with maturity over three months and a year	$ 204,337	$ 208,180

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2022	2021
Interest income	$ 3,447	$ 3,365

B. The Group's financial assets at amortised cost are time deposits in banks. The Group transacted with banks which have high credit rating.

C. Details of the Group's certain financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable (including long-term notes and accounts receivable)

	December 31, 2022	December 31, 2021
Notes receivable	$ 10,306	$ 10,186
Installment notes receivable	36,668	34,062
Less: Unrealised interest revenue-installment notes receivable	(652)	(914)
	46,322	43,334
Less: Allowance for doubtful accounts	-	-
	$ 46,322	$ 43,334

	December 31, 2022	December 31, 2021
Accounts receivable	$ 538,378	$ 442,049
Installment accounts receivable	45,356	50,229
Less: Unrealised interest revenue-installment accounts receivable	(7,172)	(4,749)
Lease payments receivable	14,063	-
Less: Unearned finance income of finance lease	(4,438)	-
	586,187	487,529
Less: Allowance for doubtful accounts	(4,759)	(2,602)
	$ 581,428	$ 484,927

A. The Group sold equipment under installment payment, subleased right-of-use asset - buildings under finance lease (for the current December 31, 2021, installment receivables with maturity not later than a year were shown as 'other receivables') and recognised installment receivables with maturity over a year as long-term installment receivables (shown as 'long-term notes and accounts receivable'). At the balance sheet date, the Group's receivables arising from installment payments and financial lease are as follows:

	December 31, 2022	December 31, 2021
Total long-term installment notes receivable	$ 8,083	$ 16,060
Less: Unrealised interest revenue - long-term installment notes receivable	(121)	(363)
Total long-term installment accounts receivable	187,693	107,740
Less: Unrealised interest revenue - long-term installment accounts receivable	(25,410)	(12,125)
Long-term lease payments receivable	86,534	53,275
Less: Unearned finance income of finance lease	(16,216)	(10,567)
	240,563	154,020
Less: Allowance for doubtful accounts	-	-
	$ 240,563	$ 154,020

B. Reconciliation of the undiscounted lease payments of the right-of-use asset - buildings sublease and the net investment under the finance lease is provided as follows:

	December 31, 2022		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Not later than one year	$ 14,063	($ 4,438)	$ 9,625
Non-current			
Over one year	86,534	(16,216)	70,318
	$ 100,597	($ 20,654)	$ 79,943

	December 31, 2021		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Not later than one year (Note)	$ 8,125	($ 2,596)	$ 5,529
Non-current			
Over one year	53,275	(10,567)	42,708
	$ 61,400	($ 13,163)	$ 48,237

Note: Shown as ‘other receivables’.

C. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 842,069	$ 625,965
Up to 1 month	17,862	2,950
Up to 2 months	3,926	1,400
Up to 3 months	3,912	520
Up to 4 months	917	9,000
Up to 5 months	912	-
Up to 6 months	534	-
Over 6 months	2,940	2,340
	$ 873,072	$ 642,175

The above receivables included the receivables generated from the Group’s business activities for the sales and lease of medical equipment and the ageing analysis was based on past due month.

D. The Group expected to recover installment notes and accounts receivable as follows:

	December 31, 2022	December 31, 2021
Not later than one year	$ 74,200	$ 78,628
Over one year	170,245	111,312
	$ 244,445	$ 189,940

E. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including long-term receivables) from contracts with customers amounted to $552,309, $412,801, and $429,848, respectively.

F. For the years ended December 31, 2022 and 2021, the interest income (shown as 'others' in 'operating revenue') for installment notes and accounts receivable (including long-term) is recognised in profit or loss of $6,997 and $7,485, respectively.

G. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 598,671	($ 65,636)	$ 533,035
Inventory in transit	105,124	-	105,124
Less: Inventories pledged as collateral	(110,238)	-	(110,238)
	$ 593,557	($ 65,636)	$ 527,921

	December 31, 20221		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 465,321	($ 62,710)	$ 402,611
Inventory in transit	29,021	-	29,021
Less: Inventories pledged as collateral	(110,039)	-	(110,039)
	$ 384,303	($ 62,710)	$ 321,593

A. The abovementioned inventories were not secured or pledged to others.

B. The cost of inventories recognised as expense and operating costs for the year:

	Years ended December 31,	
	2022	2021
Cost of goods sold	$ 1,193,193	$ 746,733
Repair supplies	68,960	71,857
Loss on decline in market value and obsolescence	7,675	7,789
Loss on physical inventory	-	7
Cost of inventories	1,269,828	826,386
Cost of rental	691,225	661,486
Cost of services	110,985	102,211
Total operating costs	$ 2,072,038	$ 1,590,083

(7) Prepayments

	December 31, 2022	December 31, 2021
Prepayments to suppliers	$ 513,631	$ 497,935
Excess business tax paid	42,277	33,040
Others	20,583	16,325
	$ 576,491	$ 547,300

(8) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
Associates	Ownership %	Book value	Ownership %	Book value
CHENG-HSIN Biotechnology Co., Ltd.	40%	$ 8,307	40%	$ 8,641

A. The summarised financial information of the associate that is not material to the Group is as follows:

	Years ended December 31,	
	2022	2021
(Loss) profit for the year	($ 334)	$ 8,641
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income for the year	($ 334)	$ 8,641

B. The Group is the single largest shareholder of CHENG-HSIN Biotechnology Co., Ltd. with a 40% equity interest. Given that the remaining 60% equity interest in CHENG-HSIN Biotechnology Co., Ltd. is held by other few investors that are related parties of another joint venture group, which indicates that the Group has no current ability to direct the relevant activities of CHENG-HSIN Biotechnology Co., Ltd., the Group has no control, but only has significant influence, over the investee.

(9) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2022										
Cost	$ 759,015	$ 521,087	$ 7,147	$ 137,334	$ 5,111,200	$ 974,970	$ 12,766	$ 42,240	$ 1,774,840	$ 9,340,599
Accumulated depreciation and impairment	-	(29,585)	(6,938)	(110,537)	(3,065,474)	(679,026)	(1,107)	(19,330)	-	(3,911,997)
	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602
2022										
Opening net book amount as at January 1	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602
Additions (Note 1)	-	4,785	-	2,515	69,355	121,417	10,337	5,217	437,167	650,793
Disposals	-	-	-	-	(51,803)	(2)	-	(213)	-	(52,018)
Depreciation charge	-	(14,669)	(45)	(6,403)	(336,122)	(77,512)	(3,095)	(5,231)	-	(443,077)
Reclassifications (Note 2)	-	-	-	(1,818)	1,250,502	385,848	2,594	(2,999)	(1,394,332)	239,795
Net exchange differences	-	-	1	-	564	25	3	1	(21)	573
Closing net book amount as at December 31	$ 759,015	$ 481,618	$ 165	$ 21,091	$ 2,978,222	$ 725,720	$ 21,498	$ 19,685	$ 817,654	$ 5,824,668
At December 31, 2022										
Cost	$ 759,015	$ 525,872	$ 1,524	$ 45,283	$ 6,242,020	$ 1,444,704	$ 25,714	$ 42,260	$ 817,654	$ 9,904,046
Accumulated depreciation and impairment	-	(44,254)	(1,359)	(24,192)	(3,263,798)	(718,984)	(4,216)	(22,575)	-	(4,079,378)
	$ 759,015	$ 481,618	$ 165	$ 21,091	$ 2,978,222	$ 725,720	$ 21,498	$ 19,685	$ 817,654	$ 5,824,668

Note 1: The acquisition of property, plant and equipment includes the beginning and ending balances of payable on machinery and equipment in the amounts of $49,405 and $12,565, respectively, additions to decommissioning cost in the amount of $5,000 (at the same time, additions to decommissioning liabilities in the amounts of $5,000 which was shown as “Non-current provisions”), and the cash payment in the amount of $682,633.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Inventories transferred to property, plant and equipment amounted to $4,804.

(b) Property, plant and equipment transferred to inventories amounted to $1,818.

(c) Property, plant and equipment transferred to expenses amounted to $1,673.

(d) Other non-current assets transferred to property, plant and equipment amounted to $238,482.

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2021										
Cost	$ 759,015	$ 610,155	$ 7,153	$ 130,468	$ 5,076,047	$ 988,515	$ 1,110	$ 33,593	$ 1,305,992	$ 8,912,048
Accumulated depreciation and impairment	-	(28,833)	(6,743)	(104,692)	(2,740,297)	(633,366)	(927)	(15,179)	-	(3,530,037)
	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
2021										
Opening net book amount as at January 1	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
Additions (Note 1)	-	4,441	-	9,328	22,682	7,242	11,853	3,528	488,343	547,417
Acquired from business combinations	-	-	-	-	-	-	-	-	2,663	2,663
Disposals	-	-	-	-	-	(26)	(103)	(31)	-	(160)
Depreciation charge	-	(15,188)	(199)	(6,530)	(325,383)	(71,201)	(274)	(4,368)	-	(423,143)
Reclassifications (Note 2)	-	(78,417)	-	(1,776)	13,046	4,783	-	(5,368)	(22,238)	(79,234)
Net exchange differences	-	(656)	(2)	(1)	(369)	(3)	-	(1)	80	(952)
Closing net book amount as at December 31	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602
At December 31, 2021										
Cost	$ 759,015	$ 521,087	$ 7,147	$ 137,334	$ 5,111,200	$ 974,970	$ 12,766	$ 42,240	$ 1,774,840	$ 9,340,599
Accumulated depreciation and impairment	-	(29,585)	(6,938)	(110,537)	(3,065,474)	(679,026)	(1,107)	(19,330)	-	(3,911,997)
	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602

Note 1: The acquisition of property, plant and equipment includes, the beginning and ending balances of payable on machinery and equipment in the amounts of $16,079 and $49,405, respectively, and the cash payment in the amount of $514,091.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Property, plant and equipment transferred to inventories amounted to $1,776.

(b) Property, plant and equipment transferred to investment property amounted to $78,458.

(c) Other non-current assets transferred to property, plant and equipment amounted to $1,000.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and prepayments for business facilities (shown as 'other non-current assets') and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2022	2021
Amount capitalised	$ 15,408	$ 15,651
Range of the interest rates for capitalisation	0.10%~4.25%	0.10%~4.25%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 19 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles, offices, and dormitories. Low-value assets comprise copy machines.

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

	Book value	
	December 31, 2022	December 31, 2021
Land	$ 41,006	$ 43,224
Buildings	56,223	28,638
Transportation equipment (Business vehicles)	7,064	5,582
	$ 104,293	$ 77,444

	Depreciation charge	
	Years ended December 31,	
	2022	2021
Land	$ 2,412	$ 2,401
Buildings	9,210	7,756
Transportation equipment (Business vehicles)	3,956	2,418
Other equipment	-	309
	$ 15,578	$ 12,884

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $81,680 and $72,027, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	($ 2,713)	($ 1,462)
Expense on short-term lease contracts	(4,620)	(1,716)
Expense on leases of low-value assets	(109)	(124)
Finance income from sublease of right-of-use assets (shown as 'interest income')	3,959	692
Gain on lease modification (shown as 'other gains and losses')	-	133

F. Reconciliation of the undiscounted lease payments of the right-of-use asset - buildings sublease and the net investment under the finance lease is provided in Note 6(5) B.

G. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $31,179 and $16,993, respectively.

H. As of December 31, 2022 and 2021, the Group's undiscounted lease liabilities of housing leases that have not started but have been committed were $12,100 and $0, respectively.

(11) Leasing arrangements-lessor

A. The Group leases various assets including buildings, machinery, and other equipment. Rental contracts are typically made for periods of 1 and 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. The Group leases machinery and equipment, other equipment, and right-of-use assets - buildings under a finance lease. Based on the terms of the lease contract, the ownership of machinery and other equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Sales profit	$ 41	$ 557
Finance income from the net investment in the finance lease (shown as 'others' in 'operating revenue')	1,000	1,446
Finance income from sublease of right-of-use assets (shown as 'interest income')	3,959	692

C. The maturity analysis of the undiscounted lease payments (including related parties) in the finance lease is as follows:

	December 31, 2022		December 31, 2021
2023	$ 41,070	2022	$ 31,532
2024	24,014	2023	22,044
2025	14,416	2024	17,979
2026	12,603	2025	8,382
2027	10,877	2026	6,478
2028	9,934	2027	5,201
2029 and onwards	26,979	2028 and onwards	19,069
	$ 139,893		$ 110,685

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided in Notes 6(5) and (7).

E. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 are as follows:

	Years ended December 31,	
	2022	2021
Rent income	$ 57,540	$ 48,226
Contingent rental revenue	$ 1,076,980	$ 1,002,106

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022		December 31, 2021
2023	$ 55,314	2022	$ 53,779
2024	50,866	2023	5,930
2025	48,517	2024	3,015
2026	47,284	2025	2,536
2027	370	2026	1,269
2028	-	2027	285
2029 and onwards	-	2028 and onwards	-
	$ 202,351		$ 66,814

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2022			
Cost	$ 994,284	$ 727,912	$1,722,196
Accumulated depreciation and impairment	-	(216,739)	(216,739)
	$ 994,284	$ 511,173	$1,505,457
2022			
Opening net book amount as at January 1	$ 994,284	$ 511,173	$1,505,457
Additions - from subsequent expenditures (Note)	-	1,358	1,358
Disposals	(45,628)	(13,797)	(59,425)
Depreciation charge	-	(19,487)	(19,487)
Net exchange differences	-	1,140	1,140
Closing net book amount as at December 31	$ 948,656	$ 480,387	$1,429,043
At December 31, 2022			
Cost	$ 948,656	$ 707,477	$1,656,133
Accumulated depreciation and impairment	-	(227,090)	(227,090)
	$ 948,656	$ 480,387	$1,429,043

Note: The acquisition of investment property includes the beginning and ending balances of payable on machinery and equipment in the amounts of $1,671 and $952, respectively, and the cash payment in the amount of $2,077.

	Land	Buildings and structures	Total
At January 1, 2021			
Cost	$ 1,017,135	$ 632,839	$1,649,974
Accumulated depreciation and impairment	-	(186,819)	(186,819)
	$ 1,017,135	$ 446,020	$1,463,155
2021			
Opening net book amount as at January 1	$ 1,017,135	$ 446,020	$1,463,155
Additions from acquisitions (Note 1)	-	4,827	4,827
Additions - from subsequent expenditures (Note 1)	-	796	796
Disposals	(22,851)	(1,994)	(24,845)
Reclassifications (Note 2)	-	80,515	80,515
Depreciation charge	-	(19,044)	(19,044)
Net exchange differences	-	53	53
Closing net book amount as at December 31	$ 994,284	$ 511,173	$1,505,457
At December 31, 2021			
Cost	$ 994,284	$ 727,912	$1,722,196
Accumulated depreciation and impairment	-	(216,739)	(216,739)
	$ 994,284	$ 511,173	$1,505,457

Note 1: The acquisition of investment property includes the beginning and ending balances of payable on machinery and equipment in the amounts of $581 and $1,671, respectively, and the cash payment in the amount of $4,533.

Note 2: Reclassifications with no cash flow effects are as follows:

(1) Other non-current assets transferred to investment property amounted to $2,057.

(2) Property, plant and equipment transferred to investment property amounted to $78,458.

A. Rental income from lease of the investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2022	2021
Rental income from the lease of the investment property	$ 57,435	$ 46,289

	Years ended December 31,	
	2022	2021
Direct operating expenses arising from the investment property that generated rental income during the year	$ 23,004	$ 23,129
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 1,304	$ 943

B. As of December 31, 2022 and 2021, the fair value of the investment property held by the Group amounted to $1,791,459 and $1,930,074, respectively. The fair value was valued by adopting the transaction prices of similar property or valued by independent appraisers who adopted comparison approach and land development analysis approach to evaluate the land, assessed the building based on cost method, and considered weights on aforementioned costs to calculate the fair value.

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(13) Intangible assets

	Trademark licenses	Supply rights	Goodwill	Total
At January 1, 2022				
Cost	$ 130,135	$ 144,438	$ 361,985	$ 636,558
Accumulated amortisation	(2,502)	(2,778)	-	(5,280)
	$ 127,633	$ 141,660	$ 361,985	$ 631,278
2022				
Opening net book amount as at January 1	$ 127,633	$ 141,660	$ 361,985	$ 631,278
Amortisation charge	(10,011)	(11,110)	-	(21,121)
Closing net book amount as at December 31	$ 117,622	$ 130,550	$ 361,985	$ 610,157
At December 31, 2022				
Cost	$ 130,135	$ 144,438	$ 361,985	$ 636,558
Accumulated amortisation	(12,513)	(13,888)	-	(26,401)
	$ 117,622	$ 130,550	$ 361,985	$ 610,157

	Trademark licenses	Supply rights	Goodwill	Total
At January 1, 2021				
Cost	$ -	$ -	$ 159,151	$ 159,151
Accumulated amortisation	-	-	-	-
	$ -	$ -	$ 159,151	$ 159,151
2021				
Opening net book amount as at January 1	$ -	$ -	$ 159,151	$ 159,151
Additions - acquired through business combinations	130,135	144,438	202,834	477,407
Amortisation charge	(2,502)	(2,778)	-	(5,280)
Closing net book amount as at December 31	$ 127,633	$ 141,660	$ 361,985	$ 631,278
At December 31, 2021				
Cost	$ 130,135	$ 144,438	$ 361,985	$ 636,558
Accumulated amortisation	(2,502)	(2,778)	-	(5,280)
	$ 127,633	$ 141,660	$ 361,985	$ 631,278

A. Details of amortisation of intangible assets are as follows:

	Years ended December 31,	
	2022	2021
Selling expenses	$ 21,121	$ 5,280

B. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2022	December 31, 2021
Treasure of Health Co., Ltd.	$ 202,834	$ 202,834
Hsing-Yeh Biotechnology Co., Ltd.	150,617	150,617
Others	8,534	8,534
	$ 361,985	$ 361,985

C. Goodwill is allocated to the Group's cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations and fair value, net of disposal cost. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

D. As of December 31, 2022, the Group's goodwill arose from business combination amounting to $361,985, consisting of benefits from expected operating revenue growth of acquired companies. In accordance with IAS 36, goodwill acquired from business combination shall be tested for impairment at least every year and where there is any indication of impairment. The impairment testing on the goodwill as of December 31, 2022 and 2021 is as follows:

For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows. Therefore, the impairment of goodwill is assessed by calculating the difference between the recoverable amount and the carrying amount of net assets of each company.

The Group used value-in-use calculated by external appraiser as the recoverable amount of goodwill arising from Treasure of Health Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. No impairment loss occurred as of December 31, 2022 and 2021 as the recoverable amount was higher than the carrying amount. The key assumptions used by the external appraiser in calculating value-in-use are as follows:

	December 31, 2022	December 31, 2021
Growth rate	2.18%	2%~2.46%
Discount rate	8.19%~11.08%	8.61%~13.99%

The Group used the value-in-use as the recoverable amount of goodwill arising from the cash-generating units other than Treasure of Health Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. as of December 31, 2022 and 2021. No impairment loss occurred as the recoverable amount was higher than the carrying amount. The key assumptions used for value-in-use calculations are operating profit margin and discount rate.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used are pre-tax and reflected specific risks relating to the relevant operating segments.

(14) Other non-current assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	$ 265,118	$ 235,579
Prepayments for investment	12,302	-
Prepayments for equipment	32,899	253,135
Restricted bank deposits	11,060	24,360
Deferred expenses	531	214
	$ 321,910	$ 513,288

Information about the restricted bank deposits that were pledged to others as collateral is provided in Note 8.

(15) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Bank borrowings		
Credit borrowings	$ 339,545	$ 636,211
Interest rate range	1.42%~5.16%	0.75%~1.29%

(16) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 1,537,875	$ 1,537,875
Less: Discount on bonds payable	(27,851)	(38,497)
	1,510,024	1,499,378
Less: Current portion or exercise of put options	-	-
	$ 1,510,024	$ 1,499,378

A. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totaling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$53.9 (in dollars). On July 19, 2022, November 29, 2021, and August 3, 2021, the Company adjusted the conversion price per share to NT$48.4, NT$50.9 and NT$51.0 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured, and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2022. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2022, the effective interest rate of the bonds payable after such separation was 0.7077%.

B. There were no assets pledged as collateral for the fourth domestic bonds.

(17) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2022	December 31, 2021
Bank borrowings			
Secured borrowings	2016.8~2035.6	$ 2,405,211	$ 2,397,265
Credit borrowings	2017.5~2029.12	601,939	318,341
		3,007,150	2,715,606
Less: Long-term borrowings, current portion		(67,020)	(316,435)
Long-term deferred revenue (shown as 'other non-current liabilities')		(26,857)	(12,347)
		$ 2,913,273	$ 2,386,824
Interest rate range		0.60%~4.05%	0.10%~4.25%

A. In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically issue a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures,

such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd., and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to the third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. The subsidiary of the Company, Shin-Ho Instruments Co., Ltd., entered into a borrowing contract with Chinatrust Commercial Bank. Guarantees were provided by the Company jointly for the duration of this borrowing or before the debts of this borrowing are fully paid. In addition, the subsidiary started to provide collateral with Chinatrust Commercial Bank after the completion of the building construction and before the operation of the machinery and equipment.

(a) The subsidiary of the Company, Shin-Ho Instruments Co., Ltd., met the common qualifications of the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" of the National Development Council of the Executive Yuan and the specific qualifications of "Manufacturing industry - enterprise whose certain production lines for investment/expansion must have smart technology elements or smart functions and belongs to 5+2 Industrial Innovation". The letter of approval for the qualification of Taiwanese businesses was issued by the Ministry of Economic Affairs.

(b) Shin-Ho Instruments Co., Ltd. applied for a borrowing with the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The government provided grants on the borrowing interest rate. The borrowing interest rate was 0.1%~0.6% during the granting period. The granting period would end in December 2026 and the borrowing interest rate would be 1.345%~1.845% starting from January 2027. In addition, the subsidiary also obtained a grace period of 24 months for principal repayment. The grace period would end in December 2023 and Shin-Ho Instruments Co., Ltd. would start to repay the principal from January 2024.

(c) Income from long-term deferred revenue - government grants recognised for the current December 31, 2022 and 2021 was $26,857 and $12,347 (shown as 'other non-current liabilities).

C. On September 21, 2022, the Company and its subsidiary, Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,580,000 with the First Commercial Bank as the lead bank, in order to repay the Group's existing financial liabilities and increase the working capital. In accordance with the syndicated loan agreement, the loan can be redrawn within the contract period. For each drawdown, the term shall not exceed 6 months and the amount of drawdown shall not be less than $50 million. For the amount that has not been paid at maturity, there is no need for the part of the same amount to make an additional procedure for remittance and loan. Therefore, the abovementioned financing will be listed as long-term borrowings under the following terms and conditions:

(a) All the credit amounts obtained according to the contract shall be used for the credit purposes specified in the contract.

(b) The Company will periodically issue a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 170%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(c) The Company shall maintain directly/indirectly a 100% equity interest in Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Hsing-Yeh Biotechnology Co., Ltd., and the control over those companies' operations.

If the Company fails to meet abovementioned requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter. The first drawdown date of the credit contract was October 28, 2022.

D. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(18) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $9,017 and $7,798 respectively.

B. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The pension plan is administered by the government. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $1,310 and $1,392, respectively.

(19) Share-based payment

A. As of December 31, 2022 and 2021, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity Granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-106	2018.4.13	2,000	7 years	Note

Note: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule specified in the plan.

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,358	$ 28.80	1,646	$ 30.50
Options forfeited	(4)	27.40	-	-
Options exercised	(499)	28.75	(288)	30.36
Options outstanding at December 31	855	27.40	1,358	28.80
Options exercisable at December 31	385		411	

C. For the years ended December 31, 2022 and 2021, the weighted-average stock price of stock options on exercise dates were NT$46.90 and NT$38.28 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet date are

as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	$ 855	27.40	$ 1,358	28.80

E. The Black Scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-106	2018.4.13	$ 34.50	$ 34.50	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

F. Expenses incurred on the Group's share-based payment transactions are shown below:

	Years ended December 31,	
	2022	2021
Equity-settled	$ 1,758	$ 3,206

G. On July 19, 2022, November 29, 2021 and August 3, 2021, the exercise prices of employee stock options-106 were adjusted to NT$27.4, NT$28.8 and NT$28.8 (in dollars), respectively, according to the rules of the employee stock option plan.

(20) Share capital

A. As of December 31, 2022, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,615,531 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The aforementioned paid-in capital included 499 thousand shares of employee share options exercised for the year ended December 31, 2022. The Company has applied to the regulatory authority for registration of the changes in capital on January 13, 2023, and the registration was completed on January 17, 2023.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(In thousands of shares)

	2022	2021
At January 1	161,054	156,044
Employee stock options exercised	499	288
Cash capital increase-private placement	-	4,722
At December 31	161,553	161,054

B. To attract strategic investors, strengthen the Company's financial structure, enrich working capital and improve the benefits of future competitiveness, the stockholders at their annual stockholders' meeting on June 15, 2022 and July 1, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued

through the private placement is 20,000 thousand shares. The capital increase shall be processed in installments (no more than three times) within one year from the date of the resolution of the stockholders' meeting. The stockholders authorised the Board of Directors to determine the actual pricing date and issuance price within the range of not less than the percentage of the resolution of the stockholders' meeting considering the situation of the specific person and the market in the future. As resolved by the Board of Directors on October 6, 2021, the first effective date was on October 13, 2021, and the number of shares issued was 4,722 thousand shares at the subscription price of $35.1 (in dollars) per share. The amount of capital raised through the private placement was $165,742 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

As resolved by the Board of Directors on August 13, 2018, the Company reacquired its shares from the Stock Exchange Market to be reissued to employees from August 14, 2018 to October 13, 2018. The aforementioned acquisition of treasury shares had been completed on October 12, 2018 and the number of shares reacquired was 1,000 thousand shares, totaling $34,956. The registration of retirement of treasury shares not reissued to employees had been completed on November 12, 2021.

(21) Capital surplus

A. Pursuant to Paragraph 4, Article 31 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2022, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership,

provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Refer to Note 6(19) for information on capital surplus - employee stock options.

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years shall be proposed by the Board of Directors for appropriation. The proposal for the appropriation of earnings shall be approved by the shareholders if dividends are distributed by issuing new shares and shall be reported to the shareholders during their meeting after being specially resolved by the Board of Directors if dividends are distributed in the form of cash.

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

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

D. The proposal for 2021 earnings appropriations which were resolved at the shareholders' meeting on June 15, 2022 and the proposal for 2020 earnings appropriations which were resolved at the shareholders' meeting on July 1, 2021, are as follows:

	Years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,163		$ 36,639	
Special reserve	8,584		-	
Reversal of special reserve	-		(728)	
Cash dividends	323,879	$ 2.011	313,648	$ 2.01
	$ 370,626		$ 349,559	

The aforementioned earnings appropriations for the years ended December 31, 2021 and

2020 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 23, 2022 and March 19, 2021, respectively, and the ex-dividend dates resolved in the same meetings were July 19, 2022 and August 3, 2021, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2022 earnings as resolved by the Board of Directors on March 22, 2023 are as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 35,657	
Reversal of special reserve	(8,284)	
Cash dividends	324,722	$ 2.01
	$ 352,095	

(23) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 1,834,467	$ 1,382,876
Rental revenue	1,131,888	1,047,757
Others	7,997	8,931
	$ 2,974,352	$ 2,439,564

A. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2022	Sale of medical instruments and drugs	Repairs and maintenance and other services	Others	Total
Revenue from external customer contracts	$ 1,528,184	$ 273,533	$ 32,750	$1,834,467
Timing of revenue recognition				
At a point in time	$ 1,528,184	$ 243	$ 32,750	$1,561,177
Over time	-	273,290	-	273,290
	$ 1,528,184	$ 273,533	$ 32,750	$1,834,467

Year ended December 31, 2021	Sale of medical instruments and drugs	Repairs and maintenance and other services	Others	Total
Revenue from external customer contracts	$ 1,049,620	$ 321,017	$ 12,239	$1,382,876
Timing of revenue recognition				
At a point in time	$ 1,049,620	$ -	$ 12,239	$1,061,859
Over time	-	321,017	-	321,017
	$ 1,049,620	$ 321,017	$ 12,239	$1,382,876

B. Contract assets and liabilities

(a) The Group recognised contract assets and liabilities in relation to contract revenue arising from sales, maintenance and repair of medical instruments and other services as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets	$ 106,751	$ 103,866	$ 96,548
Contract liabilities	$ 699,107	$ 681,141	$ 789,153

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

	Years ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 34,886	$ 149,149

C. Unfulfilled long-term repairs, maintenance, and medical instrument contracts

Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at December 31, 2022 and 2021, amounted to $1,415,163 and $1,163,958, respectively.

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2022 and 2021 will be recognised as revenue from 2022 to 2032.

Except for the abovementioned contracts, all other repairs and maintenance contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(24) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 2,109	$ 831
Interest income from financial assets measured at amortised cost	3,447	3,365
Finance income from sublease of right-of-use assets	3,959	692
Other interest income	3,015	4,676
	$ 12,530	$ 9,564

(25) Other income

	Years ended December 31,	
	2022	2021
Rent income	$ 2,632	$ 2,575
Dividend income	3,508	1,441
Other income	6,904	6,687
	$ 13,044	$ 10,703

(26) Other gains and losses

	Years ended December 31,	
	2022	2021
Losses on disposal of property, plant and equipment	($ 50,780)	($ 160)
Gains on disposal of investment property	106,590	31,661
Gains arising from lease modifications	-	133
Net currency exchange gains	19,689	1,767
Net losses on financial assets and liabilities at fair value through profit or loss	(17,992)	(964)
Other losses	(3,405)	(1,088)
	$ 54,102	$ 31,349

(27) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	$ 35,985	$ 31,274
Convertible bonds	10,646	10,570
Long-term contract liabilities	9,774	7,223
Lease liability	2,487	1,111
Financial expense, others	12,375	12,338
	$ 71,267	$ 62,516

(28) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense		
Wages and salaries	$ 288,592	$ 244,124
Employee stock options	1,758	3,206
Labour and health insurance fees	20,223	17,623
Pension costs	10,327	9,190
Other personnel expenses	8,562	7,889
Depreciation charge	478,142	455,071
Amortisation charge	21,240	5,521
	$ 828,844	$ 742,624

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e., profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance, and must be reported to the shareholders.

Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $190 and $199, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

Employees' compensation of $199 and directors' remuneration of $5,600 for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 95,187	$ 110,084
Tax on undistributed surplus earnings	383	842
Prior year income tax underestimation	1,512	1,721
Total current tax	97,082	112,647
Deferred tax		
Origination and reversal of temporary differences	(1,897)	(1,860)
Income tax expense	$ 95,185	$ 110,787

(b) Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 187,797	$ 190,358
Expenses disallowed by tax regulation	6,958	5,690
Tax exempt income by tax regulation	(125,431)	(93,498)
Temporary differences not recognised as deferred tax assets	3,620	2,355
Taxable loss not recognised as deferred tax assets	19,646	2,073
Change in assessment of realisation of deferred tax assets	700	1,246
Prior year income tax underestimation	1,512	1,721
Tax on undistributed surplus earnings	383	842
Income tax expense	$ 95,185	$ 110,787

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

	Years ended December 31,	
	2022	2021
Currency translation differences	($ 2)	($ 5)

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

	2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
Temporary differences					
- Deferred tax assets:					
Unrealised allowance for inventory obsolescence	$ 11,589	$ 1,538	$ -	$ -	$ 13,127
Unrealised exchange loss	4,464	(3,327)	-	-	1,137
Warranty obligations	3,488	(563)	-	-	2,925
Long-term contract liabilities interest expense	6,902	1,955	-	-	8,857
Others	3,565	302	-	-	3,867
Income tax losses	59,182	(365)	-	-	58,817
	89,190	(460)	-	-	88,730
Temporary differences					
- Deferred tax liabilities:					
Land revaluation increment tax	(39,395)	-	-	-	(39,395)
Book-tax difference on intangible assets from business combinations	(53,859)	4,224	-	-	(49,635)
Others	(916)	(1,867)	(2)	-	(2,785)
	(94,170)	2,357	(2)	-	(91,815)
	($ 4,980)	$ 1,897	($ 2)	$ -	($ 3,085)

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
Temporary differences					
- Deferred tax assets:					
Unrealised allowance for inventory obsolescence	$ 10,415	$ 1,174	$ -	$ -	$ 11,589
Unrealised exchange loss	4,363	101	-	-	4,464
Warranty obligations	4,405	(917)	-	-	3,488
Long-term contract liabilities interest expense	5,458	1,444	-	-	6,902
Others	3,305	265	(5)	-	3,565
Income tax losses	60,437	(1,255)	-	-	59,182
	88,383	812	(5)	-	89,190
Temporary differences					
- Deferred tax liabilities:					
Land revaluation increment tax	(39,395)	-	-	-	(39,395)
Book-tax difference on intangible assets from business combinations	-	1,056	-	(54,915)	(53,859)
Others	(908)	(8)	-	-	(916)
	(40,303)	1,048	-	(54,915)	(94,170)
	$ 48,080	$ 1,860	($ 5)	($ 54,915)	($ 4,980)

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,804	292,411	1	2028
2019	3,262	2,528	2,528	2029
2020	4,842	4,842	4,842	2030
2021	7,036	7,036	7,036	2031
2022	15,125	15,125	13,449	2032
	$ 405,663	$ 329,334	$ 35,248	

	December 31, 2021			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,804	295,911	1	2028
2019	3,262	2,528	2,528	2029
2020	4,381	4,381	4,381	2030
2021	5,999	5,999	5,999	2031
	$ 389,040	$ 316,211	$ 20,301	

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 118,922	$ 110,967

E. Income tax assessment of the Company and its domestic subsidiaries is as follows:

	Recent assessment
The Company, SenCare Healthcare Company, Hsing-Yeh Biotechnology Co., Ltd., Chiu Ho Biotech Co., Ltd., Shin-Ho Instruments Co., Ltd., E Century Healthcare Corporation, Hua Lin Instruments Co., Ltd., Medlink Healthcare Limited, Tong-Lin Instruments Co., Ltd., Treasure of Health Co., Ltd., CHC Long-Term Care Corporation, Tomorrow Medical System Co., Ltd., Chiu Ho Scientific Co., Ltd., Hsin Lin Biotech Co., Ltd., Chiu Ho Medical System Co., Ltd.	Through 2020

(30) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (Shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 356,571	161,381	$ 2.21
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 356,571	161,381	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	314	
Employees' compensation	-	5	
Convertible bonds	22,716	30,112	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 379,287	191,812	$ 1.98

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (Shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	$ 2.43
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	275	
Employees' compensation	-	6	
Convertible bonds	23,500	28,363	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 405,133	185,673	$ 2.18

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the Board of Directors. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(31) Business combinations

A. On October 6, 2021, the Company acquired 51% of the share capital of Treasure of Health Co., Ltd. for $335,070 and obtained control over Treasure of Health Co., Ltd., a medical instruments and drugs seller operating in the Republic of China. As a result of the acquisition, the Company is expected to expand its business and operating scale.

B. The following table summarises the consideration paid for Treasure of Health Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	October 6, 2021
Purchase consideration	
Cash paid	$ 335,070
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	127,050
	462,120
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and bank deposits	20,042
Accounts receivable	40,762
Inventories	13,293
Prepayments	23,122
Other receivables	2,435
Property, plant and equipment	2,663
Other non-current assets	962
Trademark licenses	130,135
Supply rights	144,438
Notes payable	(23,324)
Accounts payable	(17,261)
Current income tax liabilities	(650)
Other payables	(22,416)
Deferred income tax liabilities	(54,915)
Total identifiable net assets	259,286
Goodwill	$ 202,834

C. The fair value of the acquired identifiable intangible assets was $274,573 (including trademark licenses and supply rights). Appraisal reports have been issued for those assets and their reasonableness has been assessed.

D. The operating revenue included in the consolidated statement of comprehensive income since October 6, 2021 contributed by Treasure of Health Co., Ltd. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of $2,478,482 and profit before income tax of $494,394.

(32) Supplemental cash flow information

Information on investing activities with partial cash payments is provided in Notes 6(9), (12) and (31).

(33) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2022	$ 636,211	$1,499,378	$ 2,715,606	$ 126,959	$ 13,561	$ 4,991,715
Changes in cash flow from financing activities	(296,666)	-	286,700	(23,737)	(3,231)	(36,934)
Impact of changes in foreign exchange rate	-	-	326	-	52	378
Changes in other non-cash items	-	10,646	4,518	81,869	-	97,033
December 31, 2022	$ 339,545	$1,510,024	$ 3,007,150	$ 185,091	$ 10,382	$ 5,052,192

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2021	$ 190,234	$1,488,808	$ 2,538,803	$ 74,330	$ 20,291	$ 4,312,466
Changes in cash flow from financing activities	445,977	-	176,788	(13,691)	(6,704)	602,370
Impact of changes in foreign exchange rate	-	-	-	(15)	(26)	(41)
Changes in other non-cash items	-	10,570	15	66,335	-	76,920
December 31, 2021	$ 636,211	$1,499,378	$ 2,715,606	$ 126,959	$ 13,561	$ 4,991,715

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Yeezen General Hospital	Substantive related party
High-END VISION EYE CENTER	Substantive related party
Swissray Medical AG	Substantive related party
Shin Shin Healthcare Co., Ltd.	Substantive related party

Names of related parties	Relationship with the Group
SWISSRAY ASIA HEALTHCARE COMPANY LIMITED	Substantive related party
AESolution Biomedical Co., Ltd.	Substantive related party
J. Ab Beauty Co., Ltd.	Substantive related party
Chen Lin Charity Foundation	Substantive related party
Treasure of Health Pharmacy (Nangang)	Substantive related party
Treasure of Health Pharmacy (Donghu)	Substantive related party
Kun-Zhang Su	Substantive related party
Yu-Zhi Zhuang	Substantive related party
Errand Co., Ltd.	Substantive related party
CHENG-HSIN Biotechnology Co., Ltd.	Associate

(3) Significant transactions and balances with related parties

A. Operating revenue

(a) Sales revenue

	Years ended December 31,	
	2022	2021
Sales of goods:		
Yeezen General Hospital	$ 162,451	$ 168,036
Substantive related party	120,101	22,611
Associate	501	710
	$ 283,053	$ 191,357

In terms of the transactions between the subsidiaries, Chiu Ho Scientific Co., Ltd. and Treasure of Health Co., Ltd., and the abovementioned related parties, goods are sold based on the price lists in force and terms that would be available to third parties. Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd. and the abovementioned related parties have no other similar transactions that can be used for comparison. The collection period is approximately 2~6 months.

(b) Rental revenue

	Years ended December 31,	
	2022	2021
Rental revenue:		
Substantive related party	$ 94,160	$ 74,214

i. The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd., lease property to the abovementioned related parties. The lease terms are from 2019 to 2025. Lease payments are determined by negotiations between the two parties and are made monthly.

ii. The subsidiaries, Chiu Ho Scientific Co., Ltd., E Century Healthcare Corporation and Chiu Ho Medical System Co., Ltd., lease medical equipment to the abovementioned related parties. The lease terms are from 2016 to 2031. The monthly lease payment is set as a predetermined percentage of the monthly revenue of the related party. The collection period is between 2 and 6 months.

(c) Royalty income

	Years ended December 31,	
	December 31, 2022	December 31, 2021
Royalty income:		
Substantive related party	$ 5,063	$ 1,210

Royalty income was collected because the subsidiary, Treasure of Health Co., Ltd., provided trademark licenses to the abovementioned related parties. The licensing fee received in each period is calculated according to the agreed percentage of the abovementioned related parties' monthly sales revenue. The collection term was 2 months.

B. Purchases

	Years ended December 31,	
	2022	2021
Purchases of goods:		
Substantive related party	$ 4,823	$ 3,048

The subsidiaries, Chiu Ho Medical System Co., Ltd. and Treasure of Health Co., Ltd., and the abovementioned related parties have no other similar transactions that can be used for comparison. In terms of the transactions between Treasure of Health Co., Ltd and the abovementiond related parties, goods are purchased based on the price lists in force and terms that would be available to third parties. The payment period is between 2 and 3 months.

C. Donation expense (shown as 'operating expenses')

	December 31, 2022	December 31, 2021
Chen Lin Charity Foundation	$ 1,000	$ 30,000

For the year ended December 31, 2022, the subsidiary, Chiu Ho Medical System Co., Ltd., donated to Chen Lin Charity Foundation for charitable purposes and for the year ended December 31, 2021, the subsidiaries, Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., Hua Lin Instruments Co., Ltd., E Century Healthcare Corporation and Tong-Lin Instruments Co., Ltd., jointly donated to Chen Lin Charity Foundation for charitable purposes.

D. Notes and accounts receivable

(a) Receivables from related parties:

	December 31, 2022	December 31, 2021
Yeezen General Hospital	$ 195,283	$ 191,822
Substantive related party	30,622	11,187
	255,905	203,009
Less: Allowance for doubtful accounts	-	-
	$ 255,905	$ 203,009

(b) Installment accounts receivable (shown as 'accounts receivable - related parties' and 'long-term notes and accounts receivable - related parties')

The subsidiary, Chiu Ho Medical System Co., Ltd., sold equipment to the related parties under installment payment and recognised installment receivables with maturity over a year as long-term installment receivables (shown as 'long-term notes and accounts receivable - related parties').

Reconciliation of the undiscounted total installment accounts receivable and the net installment accounts receivable of the equipment sold under installment payment on December 31, 2022 and 2021 is provided as follows:

	December 31, 2022		
	Total installment accounts receivable	Unrealised interest income	Net installment accounts receivable
Current			
Substantive related parties	$ 1,076	($ 8)	$ 1,068
Loss allowance	-	-	-
	$ 1,076	($ 8)	$ 1,068
Non-current			
Substantive related parties	$ -	$ -	$ -
Loss allowance	-	-	-
	$ -	$ -	$ -

	December 31, 2021		
	Total installment accounts receivable	Unrealised interest income	Net installment accounts receivable
Current			
Substantive related parties	$ 2,208	($ 53)	$ 2,155
Loss allowance	-	-	-
	$ 2,208	($ 53)	$ 2,155

	December 31, 2021		
	Total installment accounts receivable	Unrealised interest income	Net installment accounts receivable
Non-current			
Substantive related parties	$ 1,076	($ 8)	$ 1,068
Loss allowance	-	-	-
	$ 1,076	($ 8)	$ 1,068

(c) As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables due from related parties from contracts with customers amounted to $196,578, $179,165, and $182,080, respectively.

(d) Lease payments receivable (shown as 'accounts receivable - related parties' and long-term notes and accounts receivable - related parties)

The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd., Chiu Ho Scientific Co., Ltd., and E Century Healthcare Corporation, lease machinery and other equipment to Yeezen General Hospital under a finance lease. The lease terms are from 2017 to 2026. Based on the terms of the lease contract, the ownership of the equipment shall be transferred to the lessee when the lease expires. In addition, Hsing-Yeh Biotechnology Co., Ltd. leases renovation project assets to CHENG-HSIN Biotechnology Co., Ltd under a finance lease. The lease term is from 2017 to 2024 which is for a major part of economic life of the underlying asset. The lease payments from the aforementioned agreements are expected to be collected on schedule.

As of December 31, 2022 and 2021, reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 6,335	($ 279)	$ 6,056
CHENG-HSIN Biotechnology Co., Ltd.	20,672	(286)	20,386
Loss allowance	(1,564)	-	(1,564)
	$ 25,443	($ 565)	$ 24,878
Non-current			
Yeezen General Hospital	$ 5,585	($ 170)	$ 5,415
CHENG-HSIN Biotechnology Co., Ltd.	6,704	(70)	6,634
Loss allowance	-	-	-
	$ 12,289	($ 240)	$ 12,049

	December 31, 2021		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 9,775	($ 491)	$ 9,284
CHENG-HSIN Biotechnology Co., Ltd.	13,632	(501)	13,131
Loss allowance	-	-	-
	$ 23,407	($ 992)	$ 22,415
Non-current			
Yeezen General Hospital	$ 10,234	($ 422)	$ 9,812
CHENG-HSIN Biotechnology Co., Ltd.	15,644	(356)	15,288
Loss allowance	-	-	-
	$ 25,878	($ 778)	$ 25,100

(e) The ageing analysis of accounts receivable due from related parties is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 181,250	$ 182,193
Past due		
Up to 1 month	24,392	13,704
Up to 2 months	14,239	16,006
Up to 3 months	16,716	19,940
Up to 4 months	11,119	8,862
Up to 5 months	15,402	13,042
Up to 6 months	782	-
Over 6 months	1,564	-
	$ 265,464	$ 253,747

The above receivables included the receivables generated from the Group's business activities of sales and lease of medical equipment and the ageing analysis was based on past due month.

(f) Information relating to credit risk is provided in Note 12(2).

E. Other receivables due from related parties

(a) Loans to related parties

	Year ended December 31, 2022				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Yeezen General Hospital	$ 170,000	$ 70,000	2.5%	$ 2,939	$ -
High-END VISION EYE CENTER	3,500	1,000	2.5%	70	-
	$ 173,500	$ 71,000		$ 3,009	$ -

	Year ended December 31, 2021				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Yeezen General Hospital	$ 199,000	$ 159,000	2.5%	$ 4,565	$ -
High-END VISION EYE CENTER	4,500	3,500	2.5%	111	-
	$ 203,500	$ 162,500		$ 4,676	$ -

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2022	December 31, 2021
Substantive related party	$ 369	$ 369

(c) Receivables of payments on behalf of others for establishment

	December 31, 2022	December 31, 2021
Substantive related party	$ -	$ 101

F. Accounts payable - related parties

	December 31, 2021	December 31, 2020
Substantive related party	$ 614	$ 40

The payables to related parties arise mainly from purchases and the payment term is 2~3 months. The payables bear no interest.

G. Lease transactions - lessee

(a) The subsidiary, Treasure of Health Co., Ltd., leases offices and warehouses from Kun-Zhang Su and Errand Co., Ltd. Rental contracts are made for periods of 10 years. Rents are paid at the beginning of the month.

(b) Acquisition of right-of-use assets

	Year ended December 31, 2022
Kun-Zhang Su	$ 14,281
Errand Co., Ltd.	19,530
	$ 33,811

There was no such transaction for the year ended December 31, 2021.

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2022
Kun-Zhang Su	$ 13,525
Errand Co., Ltd.	18,496
	$ 32,021

There was no balance as of December 31, 2021.

(ii) Interest expense

	Year ended December 31, 2022
Kun-Zhang Su	$ 119
Errand Co., Ltd.	163
	$ 282

There was no such transaction for the year ended December 31, 2021.

(4) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 41,942	$ 41,846
Post-employment benefits	324	324
Share-based payments	190	356
	$ 42,456	$ 42,526

8. PLEDGED ASSETS

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

Assets	Book value December 31, 2022	Book value December 31, 2021	Purpose
Financial assets at amortised cost - non-current			Performance and customs duty guarantee related to
-Time deposits	$ 204,337	$ 208,180	operations
Other non-current assets			
-Restricted bank deposits	11,060	24,360	Collateral for long-term borrowings
Property, plant and equipment (including investment property)			
-Land	808,838	1,595,747	Collateral for long-term borrowings
-Buildings and structures	442,251	788,947	Collateral for long-term borrowings
-Leased assets - machinery and equipment	293,787	438,756	Collateral for long-term borrowings
	1,544,876	2,823,450	
	$ 1,760,273	$ 3,055,990	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Refer to Note 6(17) for commitments related to the syndicated bank loan.

B. As of December 31, 2022 and 2021, capital expenditures on property, plant and equipment and inventories contracted for but not yet incurred were $628,084 and $880,974, respectively.

C. As of December 31, 2022 and 2021, amounts available under unused letters of credit were $415,255 and $47,853, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the needs of the Group's operating development, on January 1, 2023, the Group acquired 51% of the share capital of Ching-An Co., Ltd. and 50.7% of the capital contribution of Hsing-An Long-Term-Care Corporation in the amount of $54,361 and $8,659, respectively. As of December 31, 2022, the Group has paid prepayments for the investment amounting to $6,302.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 102,171	$ 150,864
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 29,578	$ 31,447
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,472,849	$ 1,493,927
Financial assets at amortised cost	409,481	542,580
Notes receivable	46,322	43,334
Accounts receivable (including related parties)	833,279	712,506
Other receivables (including related parties)	73,294	169,718
Other financial assets (shown as 'other non-current assets')	11,060	24,360
Long-term notes and accounts receivable (including related parties)	252,612	180,188
Guarantee deposits paid	265,118	235,579
	$ 3,364,015	$ 3,402,192

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 339,545	$ 636,211
Notes payable	20,993	10,568
Accounts payable	325,733	199,510
Other payables	121,185	148,989
Bonds payable	1,510,024	1,499,378
Long-term borrowings (including current portion and long-term deferred revenue)	3,007,150	2,715,606
Guarantee deposits received	10,382	13,561
	$ 5,335,012	$ 5,223,823
Lease liability	$ 185,091	$ 126,959

B. Financial risk management policies

(a) The Group's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange risk from multiple foreign currencies, primarily the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Under the Group's financial risk management policy, foreign exchange risk is managed using debt denominated in the relevant foreign currency.

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

	December 31, 2022			Year ended December 31, 2022	
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 7,859	30.71	$ 241,350	1%	$ 2,414
EUR:NTD	1,228	32.72	40,180	1%	402
USD:HKD	1,310	7.80	40,230	1%	402
Financial liabilities					
Monetary items					
USD:NTD	5,808	30.71	178,364	1%	1,784
EUR:NTD	990	32.72	32,393	1%	324
SGD:NTD	949	22.88	21,713	1%	217

	December 31, 2021			Year ended December 31, 2021	
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 8,075	27.68	$ 223,516	1%	$ 2,235
EUR:NTD	3,003	31.32	94,054	1%	941
HKD:NTD	27,101	3.55	96,209	1%	962
USD:HKD	1,307	7.80	36,178	1%	362
Financial liabilities					
Monetary items					
USD:NTD	3,030	27.68	83,870	1%	839
EUR:NTD	790	31.32	24,743	1%	247
SGD:NTD	1,562	20.46	31,959	1%	320

iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $19,689 and $1,767, respectively

Price risk

i. The Group is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Group's investments in equity and debt securities comprise domestic and foreign listed and unlisted stocks. The prices of equity and debt securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $10,187 and $15,086, respectively, as a result of gains/losses on equity and debt securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,958 and $3,145, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Group's borrowings at variable rates are primarily denominated in NTD and USD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by $30,072 and $27,156, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or financial instruments on the contract obligations. The main factor is the counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost. According to the Group's credit policy, each local entity in the Group is responsible for managing and assessing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit control supervisor. The utilisation of credit limits is regularly monitored.

ii. If the contract payments were past due over one month based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over three months and up to two years.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

iv. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the modified approach using the provision matrix to estimate expected credit loss.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group took into consideration the forecast ability to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including long-term and related parties) and contract assets. On December 31, 2022 and 2021, the provision matrix is as follows:

December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.36%	$ 1,130,070	$ 173
Up to 1 month	0.00%~24.70%	42,254	64
Up to 2 months	0.00%~28.98%	18,165	189
Up to 3 months	0.00%~29.07%	20,628	165
Up to 4 months	0.00%~100%	12,036	655
Up to 5 months	0.00%~100%	16,314	650
Up to 6 months	0.00%~100%	1,316	349
Over 6 months	30%~100%	4,504	4,078
		$ 1,245,287	$ 6,323

December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.01%	$ 954,732	$ 116
Up to 1 month	0.00%~5.86%	16,654	141
Up to 2 months	0.00%~7.55%	17,406	-
Up to 3 months	0.00%~39.24%	20,460	-
Up to 4 months	0.00%~100%	17,862	5
Up to 5 months	0.00%~100%	13,042	-
Up to 6 months	0.00%~100%	-	-
Over 6 months	30%~100%	2,340	2,340
		$ 1,042,496	$ 2,602

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, contract assets, notes receivable, long-term and short-term lease payments receivable and other receivables are as follows:

	2022				
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)	Other receivables (including related parties
At January 1	$ 2,602	$ -	$ -	$ -	$ -
Provision for impairment	2,159	-	-	1,564	434
Effect of foreign exchange	(2)	-	-	-	(2)
At December 31	$ 4,759	$ -	$ -	$ 1,564	$ 432

	2021			
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)
At January 1	$ 2,263	$ 26	$ -	$ 2
Provision for impairment	1,298	-	-	-
Reversal of impairment	(954)	(26)	-	(2)
Effect of foreign exchange	(5)	-	-	-
At December 31	$ 2,602	$ -	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

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

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 342,974	$ -	$ -	$ -
Notes payable	20,993	-	-	-
Accounts payable	325,733	-	-	-
Other payables	121,185	-	-	-
Lease liability	30,292	27,503	58,062	85,735
Bonds payable and embedded derivative instruments	-	-	1,537,875	-
Long-term borrowings (including current portion)	115,473	196,195	2,721,069	185,331

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 639,264	$ -	$ -	$ -
Notes payable	10,568	-	-	-
Accounts payable	199,510	-	-	-
Other payables	148,989	-	-	-
Lease liability	20,436	18,905	38,486	62,588
Bonds payable and embedded derivative instruments	-	-	1,537,875	-
Long-term borrowings (including current portion)	357,954	2,057,355	209,875	175,657

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Fair value information of investment property at cost is provided in Note 6(12).

C. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes and accounts receivable (including related parties), guarantee deposits paid, other financial assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including the current portion and long-term deferred revenue), bonds payable, guarantee deposits received and lease liability.

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

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 41,911	$ -	$ -	$ 41,911
Debt instruments	-	-	59,960	59,960
Derivative instruments	-	-	300	300
Financial assets at fair value through other comprehensive income				
Equity securities	10,537	-	19,041	29,578
	$ 52,448	$ -	$ 79,301	$131,749

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 89,890	$ -	$ 1,014	$ 90,904
Debt instruments	-	-	59,960	59,960
Financial assets at fair value through other comprehensive income				
Equity securities	12,406	-	19,041	31,447
	$ 102,296	$ -	$ 80,015	$182,311

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

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

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

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021.

	2022			
	Equity securities	Debt instruments	Derivative financial instruments	Total
At January 1	$ 20,055	$ 59,960	$ -	$ 80,015
Gains and losses recognised in profit or loss	-	-	300	300
Acquired during the year	-	-	-	-
Sold during the year	(1,014)	-	-	(1,014)
At December 31	$ 19,041	$ 59,960	$ 300	$ 79,301

	2021			
	Equity securities	Debt instruments	Derivative financial instruments	Total
At January 1	$ 19,041	$ -	$ 600	$ 19,641
Gains and losses recognised in profit or loss	-	-	(600)	(600)
Acquired during the year	1,014	59,960	-	60,974
At December 31	$ 20,055	$ 59,960	$ -	$ 80,015

G. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

H. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 19,041	Market comparable companies	Price to book ratio multiple	3.17 (3.17)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	-	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Unlisted stocks	59,960	Discounted cash flow method	Weighed average caital cost	14.64% (14.64%)	The higher the weighted average capital cost, the lower the fair value
Derivative debt instrument:					
Convertible bonds	300	Binomial Model	Volatility	29.20% (29.20%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	1.5415% (1.5415%)	

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 19,041	Market comparable companies	Price to book ratio multiple	2.96 (2.96)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	-	Net asset value	Not applicable	-	Not applicable
Unlisted stocks	1,014	Most recent non-active market price	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Unlisted stocks	59,960	Most recent non-active market price	Not applicable	-	Not applicable
Hybrid instrument:					
Convertible bonds	-	Binomial Model	Volatility	19.10% (19.10%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	0.5655% (0.5655%)	

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

measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2022 and 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The following intercompany transactions between the Company and its subsidiaries or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates, and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of paid-in capital or more: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None exceeds $100 million.

(2) Information on investees

(The following intercompany transactions between the Company and its subsidiaries or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

Names, locations, and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

(The following intercompany transactions between the Company and its subsidiaries or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

A. Basic information: Refer to table 7.

B. Limits on investments in Mainland China: Refer to table 7.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: There were no significant transactions.

(4) Major shareholders information

Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits, and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets, and liabilities of individual departments are not disclosed.

(2) Measurement of segment information

The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits, and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets and liabilities of individual departments are not disclosed.

(3) Information on products and services

Because the Company and its subsidiaries are all engaged in sales of drugs and sales, rent and installment and maintenance of medical devices, information on products and services is the same with the financial information provided in Note 6 (23).

(4) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 2,869,079	$ 7,848,916	$ 2,381,216	$ 7,749,392
China	95,867	210,250	48,855	196,315
Others	9,406	183	9,493	185
	$ 2,974,352	$ 8,059,349	$ 2,439,564	$ 7,945,892

Note: Revenue was reclassified based on the country where the customers are located.

(5) Major customer information

	Years ended December 31,	
	2022	2021
	Revenue	Revenue
Customer A	$ 247,899	$ 235,486

CHC Healthcare Group and Subsidiaries

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 500,000	$ 300,000	$ 70,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 614,161	$ 2,456,646	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	100,000	100,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	300,000	200,000	60,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	400,000	300,000	30,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	200,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hua Lin Instruments Co., Ltd.	Other receivables	Y	30,000	-	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Chiu Ho Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hsin Lin Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	10,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Tong-Lin Instruments Co., Ltd.	Other receivables	Y	50,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	3,500	1,000	1,000	2.5%	Business transaction	7,840	-	-	None	-	7,840	63,710	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y				2.5%	Business transaction	208,141	-	-	None	-	199,136	398,272	
					170,000	70,000	70,000										
						$ 1,131,000	$ 241,000										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 12,283,231	$ 1,412,000	$ 1,412,000	$ 298,096	$ -	22.99%	$ 18,242,847	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	12,283,231	2,338,000	1,388,000	1,035,232	-	22.60%	18,424,847	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	12,283,231	150,000	150,000	34,052	-	2.44%	18,424,847	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	12,283,231	100,000	100,000	15,975	-	1.63%	18,424,847	Y	N	N	
0	The Company	Shin-Ho Instruments Co., Ltd.	2	12,283,231	771,000	771,000	588,016	-	12.55%	18,424,847	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,991,363	828,236	-	-	-	0.00%	2,987,045	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,991,363	575,164	-	-	-	0.00%	2,987,045	N	N	N	
2	Chiu Ho Medical System Co., Ltd.	The Company	3	9,160,417	1,106,687	1,106,687	905,715	1,106,687	24.16%	13,740,625	N	Y	N	
2	Chiu Ho Medical System Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	9,160,417	621,674	621,674	621,674	621,674	13.57%	13,740,625	N	N	N	
3	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	250,621	45,060	44,080	19,836	-	35.18%	$ 375,932	N	N	Y	
						$ 5,593,441	$ 3,518,596	$ 1,728,361						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group and Subsidiaries

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

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stocks–Fubon Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	105,000	$ 5,911	0.00%	5,911	
The Company	Common stocks–Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	216,323	8,653	0.01%	8,653	
The Company	Common stocks–United Microelectronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	410,000	16,687	0.00%	16,687	
The Company	Common stocks–Apex International Co., Ltd. - KY	-	Financial asset at fair value through profit or loss - current	200,000	10,660	0.11%	10,660	
The Company	Common stocks–S&S Healthcare Holding Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	397,620	10,537	1.93%	10,537	
Chiu Ho Medical System Co., Ltd.	Preference stocks–Centaur (Note)	-	Financial asset at fair value through profit or loss - non-current	55,089	59,960	2.52%	59,960	
Chiu Ho Medical System Co., Ltd.	Common stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	3.71%	-	
Chiu Ho Medical System Co., Ltd.	Common stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

Note: The name of the investee was ASTO CT Inc. and was changed to Centaur Health Holdings, Inc. on November, 2021.

CHC Healthcare Group and Subsidiaries

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

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 208,141	97%	6 months	-	-	$ 183,588	88%	Note

Note 1: Sales amount includes rental revenue.
Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $183,588	1.12	$ 72,795	In collection	$ 30,021	$ -

Note: The subsequent collections were amounts collected as of March 22, 2023.

CHC Healthcare Group and Subsidiaries

Information on investees

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,956,388	407,000,000	100.00%	$ 4,536,853	$ 146,985	$ 135,049	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	613,484	413,484	90,800,000	100.00%	1,002,080	18,279	18,279	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	159,277	25,357	25,357	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	197,182	247,182	21,000,000	100.00%	242,947	22,308	22,308	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	219,171	219,171	21,300,000	100.00%	195,591	(13,469)	(13,469)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	321,183	371,183	35,000,000	100.00%	453,761	54,553	54,597	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	381,815	381,815	41,600,000	100.00%	526,532	41,991	41,991	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	25,929	85,929	2,000,000	100.00%	34,246	8,012	8,012	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	476,151	556,151	52,000,000	100.00%	736,043	71,641	71,641	Subsidiary
The Company	CHC Healthcare (UK) Limited	United Kingdom	Medical instrument sale	7,364	-	200,000	100.00%	6,382	(1,028)	(1,028)	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	388,110	(17,071)	(17,071)	Subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Treasure of Health Co., Ltd.	Taiwan	Drug and health supplements sale	$ 335,070	$ 335,070	1,978,800	51.00%	$ 367,828	$ 84,154	$ 34,302	Subsidiary
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	3,986	3,593	100,000	100.00%	40,688	43	42	Subsidiary
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service, elderly residence and senior fitness	194,000	194,000	19,400,000	65.99%	189,524	(2,215)	(1,462)	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	5,358	5,358	2,566	100.00%	58	(590)	(590)	Subsidiary (Note 1)
Chiu Ho Medical System Co., Ltd.	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	1,513,464	93,600,000	100.00%	1,605,538	28,370	23,827	Subsidiary (Note 1)
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	8,307	(836)	(334)	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	27,720	(902)	(875)	Subsidiary (Note 2)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: Investee was organised as an associate.

CHC Healthcare Group and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 291,830	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 291,830	$ -	$ -	$ 291,830	($ 17,836)	100%	($ 17,827)	$ 213,282	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	231,689	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	231,689	-	-	231,689	700	100%	700	125,311	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 523,519	$ 523,519	$ 3,841,858

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group and Subsidiaries

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.49%
Tien-Ying Lee	9,413,985	5.82%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying parent company only balance sheets of CHC Healthcare Group (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as

follows:

Assessment of investments accounted for using equity method

Refer to Note 4(10) for accounting policy on investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(4) for details of investments accounted for using equity method.

Impairment assessment of Chiu Ho Medical System Co., Ltd. and Treasure of Health Co., Ltd., the Company's subsidiaries

As of December 31, 2022, the Company's subsidiaries, Treasure of Health Co., Ltd. (Treasure of Health), and Chiu Ho Medical System Co., Ltd., and its subsidiaries ("Chiu Ho Medical Group"), recognised investments accounted for using equity method amounting to NT$367,828 thousand and NT$4,536,853 thousand, respectively, and investment income amounting to NT$34,302 thousand and NT$135,049 thousand for the year then ended, respectively. Because Treasure of Health and Chiu Ho Medical Group's investments accounted for using equity method constituted 54% of the Company's total assets as of December 31, 2022, and investment income constituted 47% of the Company's profit before tax for the year ended December 31, 2022, which are significant to the Company's financial statements, we identified the assessment of investments accounted for using equity method as a key audit matter as well as the key audit matters, impairment assessment of goodwill and property, plant and equipment, included in Chiu Ho Medical Group's financial statements. The key audit matters in relation to Treasure of Health and Chiu Ho Medical Group's financial statements for the year ended December 31, 2022 are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2022, after identifying the smallest cash generating unit which can generate independent cash flows, Treasure of Heath and Chiu Ho Medical Group used the recoverable amount of each cash generating unit to assess whether goodwill arising from business combination may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgement and have high uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding on how management identifies the objective evidence of goodwill impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Obtained the report on the valuation of the subsidiary issued by an expert appointed by the management and performed the following:

(1) Assessed the expert's independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation model is reasonable based on our knowledge of Treasure of Health and Chiu Ho Medical Group's businesses and industry.

(3) Confirmed whether the expert uses the same future cash flows relative to the budget for the future years provided by the management.

(4) Checked whether the comparable assets adopted in the appraisal report are consistent with the actual operations.

(5) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Impairment assessment of property, plant, and equipment

Description

Some of Chiu Ho Medical Group's leasing businesses were not as profitable as expected due to fierce competition in the healthcare industry. Chiu Ho Medical Group assesses the impairment based on the estimated recoverable amounts of leased assets (shown as property, plant, and equipment) where there is an indication that they are impaired. Given that the calculation of recoverable amounts requires significant accounting estimates relying on subjective judgement and a high degree of uncertainty, we considered the impairment assessment of leased assets as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding on how management identifies the objective evidence of impairment, taking into account certain factors in a consistent manner and ascertained whether

the management uses reliable information.

B. Acquired the asset appraisal report issued by an expert appointed by the management and performed the following:

(1) Assessed the independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation method is widely adopted and appropriate based on our knowledge of Chiu Ho Medical Group's businesses and industry.

(3) Confirmed whether the replacement cost, comparative objects and the assets' use indicated on the appraisal report are consistent with the actual operations.

(4) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Standards of Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

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

For and on behalf of PricewaterhouseCoopers, Taiwan
March 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 182,787	2	$ 271,845	3
1110	Financial assets at fair value through profit or loss - current	6(2)	41,911	-	90,904	1
1180	Accounts receivable - related parties	7	-	-	210	-
1200	Other receivables		-	-	4	-
1210	Other receivables due from related parties	7	171,993	2	155,142	2
1220	Current tax assets		69	-	69	-
1410	Prepayments		7,168	-	6,751	-
11XX	**Total current assets**		403,928	4	524,925	6
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	300	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	10,537	-	12,406	-
1550	Investments accounted for using equity method	6(4)	8,649,650	95	8,509,830	93
1600	Property, plant and equipment		730	-	705	-
1755	Right-of-use assets	6(5)	2,924	-	9,942	-
1840	Deferred tax assets	6(20)	58,635	1	60,893	1
1990	Other non-current assets	8	6,431	-	5,856	-
15XX	**Total non-current assets**		8,729,207	96	8,599,632	94
1XXX	**Total assets**		$ 9,133,135	100	$ 9,124,557	100

(Continued)

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(6)	$ 100,000	1	$ 280,000	3
2150	Notes payable		135	-	135	-
2200	Other payables		24,630	1	24,790	-
2230	Current tax liabilities		77	-	-	-
2280	Lease liabilities - current	7	2,992	-	7,090	-
2320	Long-term liabilities, current portion	6(8) and 8	-	-	144,000	2
2399	Other current liabilities		927	-	917	-
21XX	**Total current liabilities**		128,761	2	456,932	5
	Non-current liabilities					
2530	Bonds payable	6(7)	1,510,024	16	1,499,378	16
2540	Long-term borrowings	6(8) and 8	1,352,000	15	1,080,000	12
2570	Deferred tax liabilities	6(20)	734	-	734	-
2580	Lease liabilities - non-current	7	-	-	2,992	-
25XX	**Total non-current liabilities**		2,862,758	31	2,583,104	28
2XXX	**Total liabilities**		2,991,519	33	3,040,036	33
	Equity					
	Share capital	6(11)				
3110	Common stock		1,615,531	18	1,610,536	18
	Capital surplus	6(7)(10)(12)				
3200	Capital surplus		3,544,423	39	3,533,299	39
	Retained earnings	6(13)				
3310	Legal reserve		391,867	4	353,704	4
3320	Special reserve		395,708	4	387,124	4
3350	Unappropriated retained earnings		581,510	6	595,565	7
	Other equity	6(3)				
3400	Other equity		(387,423)	(4)	(395,707)	(5)
3XXX	**Total equity**		6,141,616	67	6,084,521	67
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,133,135	100	$ 9,124,557	100

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenue**	6(14) and 7	$ 523,205	100	$ 544,496	100
5000	**Operating costs**	6(5)(9)(10)(19) and 7	(113,040)	(21)	(116,012)	(21)
5900	**Gross profit**		410,165	79	428,484	79
	Non-operating income and expenses					
7100	Interest income	6(15) and 7	2,996	-	5,786	1
7010	Other income	6(16)	4,545	1	2,033	-
7020	Other gains and losses	6(2)(17)	(9,866)	(2)	(4,326)	(1)
7050	Finance costs	6(18) and 7	(48,630)	(9)	(48,891)	(9)
7000	**Total non-operating income and expenses**		(50,955)	(10)	(45,398)	(9)
7900	**Profit before income tax**		359,210	69	383,086	70
7950	Income tax expense	6(20)	(2,639)	(1)	(1,453)	-
8200	**Profit for the year**		$ 356,571	68	$ 381,633	70
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 1,869)	-	($ 4,334)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		10,146	2	(4,269)	-
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		7	-	(20)	-
8300	**Other comprehensive income (loss) for the year**		$ 8,284	2	($ 8,583)	(1)
8500	**Total comprehensive income for the year**		$ 364,855	70	$ 373,050	69
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(21)	$	2.21	$	2.43
9850	Diluted earnings per share	6(21)	$	1.98	$	2.18

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Reserves					Retained Earnings			Other Equity Interest			
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee share options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
2021													
Balance at January 1, 2021		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437
Profit for the year		-	-	-	-	-	-	-	381,633	-	-	-	381,633
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	(4,249)	(4,334)	-	(8,583)
Total comprehensive income (loss)		-	-	-	-	-	-	-	381,633	(4,249)	(4,334)	-	373,050
Appropriations of 2020 earnings	6(13)												
Legal reserve		-	-	-	-	-	36,639	-	(36,639)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(313,648)	-	-	-	(313,648)
Special reserve		-	-	-	-	-	-	(728)	728	-	-	-	-
Issuance of shares	6(11)	47,220	118,522	-	-	-	-	-	-	-	-	-	165,742
Decrease in treasury shares	6(11)	(10,000)	(21,391)	(173)	-	-	-	-	(3,392)	-	-	34,956	-
Exercise of employee stock options	6(10)(11)	2,877	8,451	-	(2,594)	-	-	-	-	-	-	-	8,734
Compensation cost of employee stock options	6(10)	-	-	-	1,131	-	-	-	-	-	-	-	1,131
Compensation cost of employee stock options of subsidiaries		-	-	-	2,075	-	-	-	-	-	-	-	2,075
Balance at December 31, 2021		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521
2022													
Balance at January 1, 2022		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521
Profit for the year		-	-	-	-	-	-	-	356,571	-	-	-	356,571
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	10,153	(1,869)	-	8,284
Total comprehensive income (loss)		-	-	-	-	-	-	-	356,571	10,153	(1,869)	-	364,855
Appropriations of 2021 earnings	6(13)												
Legal reserve		-	-	-	-	-	38,163	-	(38,163)	-	-	-	-
Special reserve		-	-	-	-	-	-	8,584	(8,584)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(323,879)	-	-	-	(323,879)
Exercise of employee stock options	6(10)(11)	4,995	14,339	-	(4,973)	-	-	-	-	-	-	-	14,361
Compensation cost of employee stock options	6(10)	-	-	-	595	-	-	-	-	-	-	-	595
Compensation cost of employee stock options of subsidiaries		-	-	-	1,163	-	-	-	-	-	-	-	1,163
Balance at December 31, 2022		$ 1,615,531	$ 3,476,727	$ -	$ 8,551	$ 59,145	$ 391,867	$ 395,708	$ 581,510	($ 35,386)	($ 352,037)	$ -	$ 6,141,616

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 359,210	$ 383,086
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charge	6(19)	7,354	7,289
Amortisation charge	6(19)	115	196
Loss on financial assets or liabilities at fair value through profit or loss	6(2)(17)	17,992	964
Interest expense	6(18)	37,985	38,321
Interest income	6(15)	(2,996)	(5,786)
Dividend income	6(16)	(3,080)	(1,048)
Compensation cost of employee stock options	6(10)(19)	595	1,131
Gain on disposal of property, plant and equipment	6(17)	(1,238)	-
Share of profit of associates and joint ventures accounted for using equity method	6(14)	(379,968)	(404,163)
Amortisation of discount on bonds payable	6(18)	10,646	10,570
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		30,701	14,732
Accounts receivable - related parties		210	(210)
Prepayments		(417)	945
Other non-current assets		(340)	(62)
Changes in operating liabilities			
Other payables		(169)	3,835
Other current liabilities		10	72
Cash inflow generated from operations		76,610	49,872
Interest received during the year		3,149	9,161
Dividends received during the year		221,908	227,962
Interest paid during the year		(37,919)	(38,342)
Income tax paid		(304)	(1,724)
Net cash flows from operating activities		263,444	246,929
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other receivables due from related parties	7	(17,000)	284,000
Acquisition of investments accounted for using equity method	6(4) and 7	(207,364)	(435,070)
Proceeds from capital reduction of investments accounted for using equity method	7	240,000	140,000
Acquisition of property, plant and equipment		(418)	(318)
Proceeds from disposal of property, plant and equipment		1,238	-
(Increase) decrease in other non-current assets		(350)	650
Net cash flows used in investing activities		16,106	(10,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(22)	(1,950,000)	(1,170,000)
Increase in short-term loans	6(22)	1,770,000	1,350,000
Repayments of lease liabilities	6(22)	(7,090)	(6,965)
Proceeds from long-term debt	6(7)	1,352,000	-
Repayments of long-term debt	6(22)	(1,224,000)	(144,000)
Proceeds from issuance of shares	6(11)	-	165,742
Exercise of employee stock options		14,361	8,734
Payment of cash dividends	6(13)	(323,879)	(313,648)
Net cash flows from financing activities		(368,608)	(110,137)
Decrease (increase) in cash and cash equivalents		(89,058)	126,054
Cash and cash equivalents at beginning of year		271,845	145,791
Cash and cash equivalents at end of year		$ 182,787	$ 271,845

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group ("CHC" or the "Company") was established in November 2009. The Company was established for the purpose of enhancing the comprehensive performance in Greater China and implementing organisational restructuring with Chiu Ho Medical System Co., Ltd., and other affiliates. The Company was listed on the Taiwan Stock Exchange on October 24, 2012. The Company is primarily engaged in holding investments in various businesses.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 22, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as

follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been

prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

(c) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains or losses".

B. Translation of foreign operations

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

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

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

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

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to

be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

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

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

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

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

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

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

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

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

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Investments accounted for using equity method – subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company continues to recognise loss proportionately to its ownership.

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

E. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	5 years
Other equipment	2 ~ 5 years

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

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

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

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when

there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date; and
(c) Any initial direct costs incurred by the lessee.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(13) Impairment of non-financial assets

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

(14) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(15) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on

bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus - share options'.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that the subscription price and shares are determined.

(20) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an

intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(22) Dividends

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

(23) Revenue recognition

A. Investment revenue

The Company recognises share of profit or loss of subsidiaries and associates generated after acquisition in revenue or cost.

B. Sales of services

(a) The Company provided administrative resources and management services to subsidiaries, and the revenue will have to be recognised based on the stage of completion at the balance sheet date.

(b) If the outcome of providing services cannot be estimated reliably, revenue is recognised only to the extent that costs incurred are likely to be recoverable. If the incurred costs are likely to be recovered, revenue is recognised to the extent that costs incurred are likely to be recoverable; if the incurred costs are not likely to be recovered, revenue shall not be recognised, and the incurred costs shall be recognised in expenses.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions

and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

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

Except for the accounting estimations (detailed in (2) below), the management does not make any judgement that significant affect the recognised amounts in parent company only financial statements when applying the Company's accounting policies.

(2) Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Checking accounts and demand deposits	$ 182,787	$ 176,022
Time deposits	-	95,823
	$ 182,787	$ 271,845

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

B. The Company classified restricted cash and cash equivalents pledged to others as other non-current assets. Refer to Note 8 for details.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 68,785	$ 80,751
Unlisted stocks	-	1,014
Valuation adjustment	(26,874)	9,139
	$ 41,911	$ 90,904

Items	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
(Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	$ 1,050	$ 1,050
Valuation adjustment	(750)	(1,050)
	$ 300	$ -

For the years ended December 31, 2022 and 2021, net loss on financial assets at fair value through profit or loss was ($17,992) and ($964), respectively, shown as 'other gains and losses'.

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Listed stocks	$ 340,215	$ 340,215
Valuation adjustment	(329,678)	(327,809)
	$ 10,537	$ 12,406

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $10,537 and $12,406 as at December 31, 2022 and 2021, respectively.

B. The Company recognised ($1,869) and ($4,334) in other comprehensive income (loss) for fair value change for the years ended December 31, 2022 and 2021, respectively.

(4) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Chiu Ho Medical System Co., Ltd.	$ 4,536,853	$ 4,409,733
Tomorrow Medical System Co., Ltd.	1,002,080	821,673
Chiu Ho Scientific Co., Ltd.	159,277	186,712
Chiu Ho Biotech Co., Ltd.	242,947	276,764
Shin-Ho Instruments Co., Ltd.	195,591	209,029
Tong-Lin Instruments Co., Ltd.	453,761	478,958
Hua Lin Instruments Co., Ltd.	526,532	519,995
Hsin Lin Biotech Co., Ltd.	34,246	86,234
E Century Healthcare Corporation	736,043	792,125
CHC Healthcare (BVI) Limited	388,110	395,081
Treasure of Health Co., Ltd.	367,828	333,526
CHC Healthcare (UK) Limited	6,382	-
	$ 8,649,650	$ 8,509,830

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated

financial statements as of and for the year ended December 31, 2022.

(5) Leasing arrangements-lessee

A. The Company leases buildings from subsidiary, Chiu Ho Medical System Co., Ltd. Rental contracts are typically made for periods of 3 years. Rents are paid at the beginning of the month. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise office and warehouse.

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

	December 31, 2022	December 31, 2021
	Book value	Depreciation charge
Buildings	$ 2,924	$ 9,942

	Year ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 7,018	$ 7,018

D. The Company has no additions to right-of-use assets for the years ended December 31, 2022 and 2021.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 110	$ 234
Expense on short-term lease contracts	15	222

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases was $7,215 and $7,421, respectively.

(6) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Bank borrowings		
Credit borrowings	$ 100,000	$ 280,000
Interest rate range	1.42%	0.80%~1.10%

For the years ended December 31, 2022 and 2021, the Company has no asset pledged as collateral for short-term borrowings.

(7) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 1,537,875	$ 1,537,875
Less: Discount on bonds payable	(27,851)	(38,497)
Current portion or exercise of put options	-	-
	$ 1,510,024	$ 1,499,378

A. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totaling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$53.9 (in dollars). On July 19, 2022, November 29, 2021 and August 3, 2021, the Company adjusted the conversion price per share to NT$48.4, NT$50.9 and NT$51.0 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured, and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2022. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance

with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2022, the effective interest rate of the bonds payable after such separation was 0.7077%.

B. There were no assets pledged as collateral for the fourth domestic bonds.

(8) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2022	December 31, 2021
Bank borrowings			
Secured borrowings	2018.11~2027.10	$ 1,352,000	$ 1,224,000
Less: Current portion		-	(144,000)
		$ 1,352,000	$ 1,080,000
Interest rate		1.86%~1.87%	1.8%

A In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay the commitment fee to syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must be equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/ indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd., Medlink Healthcare Limited and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd.,

respectively, and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to a third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. On September 21, 2022, the Company and its subsidiary, Tomorrow Medical System Co., Ltd., signed a syndicated loan agreement in the amount of $2,580,000 with First Commercial Bank as the lead bank, in order to repay the Group's existing financial liabilities and increase the working capital. In accordance with the syndicated loan agreement, the loan can be redrawn within the contract period. For each drawdown, the term shall not exceed 6 months and the amount of drawdown shall not be less than $50 million. For the amount that has not been paid at maturity, there is no need for the part of the same amount to make an additional procedure of remittance and loan. Therefore, the aforementioned financing will be listed as long-term borrowings with the following terms and conditions:

(a) All the credit amounts obtained under the contract shall be used for the credit purposes specified in the contract.

(b) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must be equal to or less than 170%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(c) The Company shall maintain directly/indirectly a 100% equity interest in Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Hsing-Yeh Biotechnology Co., Ltd., and control over those companies' operations.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter. The first drawdown date of the credit contract was October 28, 2022.

C. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(9) Pensions

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

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $2,265 and $2,169, respectively.

(10) Share-based payment

A. As of December 31, 2022 and 2021, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-106	2018.4.13	2,000 (Note 2)	7 years	(Note 1)

Note 1: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule and proportion specified in the plan.

Note 2: 1,262 thousand shares of which were granted to the employees of subsidiaries and second-tier subsidiaries.

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,358	$ 28.80	1,646	$ 30.50
Options forfeited	(4)	27.40	-	-
Options exercised	(499)	28.75	(288)	30.36
Options outstanding at December 31	855	27.40	1,358	28.80
Options exercisable at December 31	385		411	

C. As of December 31, 2022 and 2021, number of options outstanding granted to the employees of subsidiaries and second-tier subsidiaries were 533 thousand shares and 878 thousand shares, respectively, and number of options exercisable were 226 thousand shares and 265 shares, respectively.

D. For the years ended December 31, 2022 and 2021, the weighted-average stock price of stock options on exercise dates were NT$46.90 and NT$38.28 (in dollars), respectively.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	855	$ 27.40	1,358	$ 28.80

F. The Black-Scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-106	2018.4.13	$ 34.50	$ 34.5	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

G. Expenses incurred on the Company's share-based payment transactions are shown below:

	Years ended December 31,	
	2022	2021
Equity-settled	$ 595	$ 1,131

H. On July 19, 2022, November 29, 2021 and August 3, 2021, the exercise prices of employee stock options-106 were adjusted to NT$27.4, NT$28.8 and NT$28.8 (in dollars), respectively.

(11) Share capital

A. As of December 31, 2022, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,615,531 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The aforementioned paid-in capital included 499 thousand shares of employee share options exercised for the year ended December 31, 2022. The Company has applied to the regulatory authority for registration of the changes in capital on January 13, 2023, and the registration was completed on January 17, 2023.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(In thousands of shares)	
	2022	2021
At January 1	161,054	156,044
Employee stock options exercised	499	288
Cash capital increase - private placement	-	4,722
At December 31	161,553	161,054

B. To attract strategic investors, strengthen the Company's financial structure, enrich working capital and improve the benefits of future competitiveness, the stockholders at their annual stockholders' meeting on June 15, 2022 and July 1, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private

placement is 20,000 thousand shares. The capital increase shall be processed in installments (no more than three times) within one year from the date of the resolution of the stockholders' meeting. The stockholders authorised the Board of Directors to determine the actual pricing date and issuance price within the range of not less than the percentage of the resolution of the stockholders' meeting considering the situation of the specific person and the market in the future. As resolved by the Board of Directors on October 6, 2021, the first effective date was on October 13, 2021, and the number of shares issued was 4,722 thousand shares at the subscription price of $35.1 (in dollars) per share. The amount of capital raised through the private placement was $165,742 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

As resolved by the Board of Directors on August 13, 2018, the Company reacquired its shares from the Stock Exchange Market to be reissued to employees from August 14, 2018 to October 13, 2018. The aforementioned acquisition of treasury shares had been completed on October 12, 2018 and the number of shares reacquired was 1,000 thousand shares, totaling $34,956. The registration of retirement of treasury shares not reissued to employees had been completed on November 12, 2021.

(12) Capital surplus

A. Pursuant to Paragraph 4, Article 30 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2022, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act

requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Please refer to Note 6(10) for information on capital surplus - employee stock options.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years shall be proposed by the Board of Directors for appropriation. The proposal for the appropriation of earnings shall be approved by the shareholders if dividends are distributed by issuing new shares and shall be reported to the shareholders during their meeting after being specially resolved by the Board of Directors if dividends are distributed in the form of cash.

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

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

D. The proposal for 2021 and 2020 earnings appropriations which were resolved at the shareholders' meeting on June 15, 2022 and July 1, 2021, respectively, are as follows:

	Years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,163		$ 36,639	
Special reserve	8,584		-	
Reversal of special reserve	-		(728)	
Cash dividends	323,879	$ 2.011	313,648	$ 2.01
	$ 370,626		$ 349,559	

The aforementioned earnings appropriations for the years ended December 31, 2021 and 2020 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 23, 2022 and March 19, 2021, respectively, and the ex-dividend dates resolved in the

same meetings were July 19, 2022 and August 3, 2021, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2022 earnings as resolved by the Board of Directors on March 22, 2023 are as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	35,657	
Reversal of special reserve	(8,284)	
Cash dividends	324,722	$ 2.01
	$ 352,095	

(14) Operating revenue

	Years ended December 31,	
	2022	2021
Investment revenue	$ 379,968	$ 404,163
Revenue from customer contracts		
Timing of revenue recognition-over time		
- internal customers - management service revenue	143,237	140,333
	$ 523,205	$ 544,496

(15) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 253	$ 62
Other interest income	2,743	5,724
	$ 2,996	$ 5,786

(16) Other income

	Years ended December 31,	
	2022	2021
Dividend income	$ 3,080	$ 1,048
Other income	1,465	985
	$ 4,545	$ 2,033

(17) Other gains and losses

	Years ended December 31,	
	2022	2021
Gains on disposal of property, plant and equipment	$ 1,238	$ -
Net currency exchange gains (losses)	6,888	(3,344)
Net losses on financial assets and liabilities at fair value through profit or loss	(17,992)	(964)
Other losses	-	(18)
	($ 9,866)	($ 4,326)

(18) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	$ 25,504	$ 25,757
Convertible bonds	10,646	10,570
Lease liability	110	234
Financial expense, others	12,370	12,330
	$ 48,630	$ 48,891

(19) Expenses by nature

	Years ended December 31,			
	2022		2021	
Employee benefit expense	Operating Cost	Operating Expense	Operating Cost	Operating Expense
Wages and salaries	$ 75,508	$ -	$ 76,170	$ -
Employee stock options	595	-	1,131	-
Labour and health insurance fees	5,079	-	4,746	-
Pension costs	2,265	-	2,169	-
Directors' remuneration	6,196	-	6,252	-
Other personnel expenses	1,843	-	1,859	-
Depreciation charge	7,354	-	7,289	-
Amortisation expense	115	-	196	-
	$ 98,955	$ -	$ 99,812	$ -

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e., profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' remuneration.

The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance and must be reported to the shareholders.

Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $190 and $199, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

Employees' compensation of $199 and directors' remuneration of $5,600 for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Tax on undistributed surplus earnings	381	842
Total current tax	381	842
Deferred tax		
Origination and reversal of temporary differences	2,258	611
Income tax expense	$ 2,639	$ 1,453

(b) Reconciliation between income tax benefit and accounting profit:

	Years ended December 31,	
	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 71,842	$ 76,617
Expenses disallowed by tax regulation	9,244	2,715
Tax exempt income by tax regulation	(100,104)	(83,199)
Temporary differences not recognised as deferred tax assets	3,620	2,350
Taxable losses not recognised as deferred tax assets	16,956	873
Tax on undistributed surplus earnings	381	842
Change in assessment of realisation of deferred tax assets	700	1,255
Income tax expense	$ 2,639	$ 1,453

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

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 1,581	($ 1,578)	$ -	$ 3
Unused compensated absences	130	20	-	150
Currency translation differences	-	-	-	-
Income tax losses	59,182	(700)	-	58,482
	60,893	(2,258)	-	58,635
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 60,159	($ 2,258)	$ -	$ 57,901

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 912	$ 669	$ -	$ 1,581
Unused compensated absences	155	(25)	-	130
Currency translation differences	-	-	-	-
Income tax losses	60,437	(1,255)	-	59,182
	61,504	(611)	-	60,893
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 60,770	($ 611)	$ -	$ 60,159

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 292,410	$ -	2028

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 295,910	$ -	2028

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 118,895	$ 110,942

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(21) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (Shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 356,571	161,381	$ 2.21
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 356,571	161,381	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	314	
Employees' compensation	-	5	
Convertible bonds	22,716	30,112	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 379,287	191,812	$ 1.98

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (Shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	$ 2.43
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	275	
Employees' compensation	-	6	
Convertible bonds	23,500	28,363	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 405,133	185,673	$ 2.18

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the shareholders. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(22) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2022	$ 280,000	$ 1,499,378	$ 1,224,000	$ 10,082	$ 3,013,460
Changes in cash flow from financing activities	(180,000)	-	128,000	(7,090)	(59,090)
Changes in other non-cash items	-	10,646	-	-	10,646
December 31, 2022	$ 100,000	$ 1,510,024	$ 1,352,000	$ 2,992	$ 2,965,016

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2020	$ 100,000	$ 1,488,808	$ 1,368,000	$ 17,047	$ 2,973,855
Changes in cash flow from financing activities	180,000	-	(144,000)	(6,965)	29,035
Changes in other non-cash items	-	10,570	-	-	10,570
December 31, 2020	$ 280,000	$ 1,499,378	$ 1,224,000	$ 10,082	$ 3,013,460

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chiu Ho Medical System Co., Ltd. (Note 2)	Subsidiary
Tomorrow Medical System Co., Ltd.	Subsidiary
Chiu Ho Scientific Co., Ltd.	Subsidiary
Chiu Ho Biotech Co., Ltd.	Subsidiary
Shin-Ho Instruments Co., Ltd.	Subsidiary
Tong-Lin Instruments Co., Ltd.	Subsidiary
Hua Lin Instruments Co., Ltd.	Subsidiary
Hsin Lin Biotech Co., Ltd.	Subsidiary
E Century Healthcare Corporation	Subsidiary
J. Ab Beauty Co., Ltd. (Note 1)	Subsidiary
Medlink Healthcare Limited (Note 2)	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	Subsidiary
SenCare Healthcare Company	Subsidiary
Treasure of Health Co., Ltd. (Note 3)	Subsidiary
CHC Long-Term Care Corporation	Subsidiary

Note 1: The shareholders resolved to dissolve the Company's subsidiary, J. Ab Beauty Co., Ltd., at their meeting on April 20, 2018. Consequently, the Company no longer controls J. Ab Beauty Co., Ltd. thereafter. The liquidation of J. Ab Beauty Co., Ltd. was completed on July 23, 2019.

Note 2: On September 1, 2021, the Company's indirect subsidiary, Medlink Healthcare Limited, conducted a merger with the Company's subsidiary, Chiu Ho Medical System Co., Ltd., with Chiu Ho Medical System Co., Ltd. as the surviving company after the merger. After the merger, the Company's shareholding ratio in Chiu Ho Medical System Co. was 100%. This merger is a reorganisation within the Group and has no significant impact on the shareholders'

equity of the Company.

Note 3: The Company acquired 51% of the share capital of this subsidiary on October 6, 2021.

(3) Significant transactions and balances with related parties

A. Management service revenues (shown as 'Operating revenue')

	Years ended December 31,	
	2022	2021
Sales of services		
Chiu Ho Medical System Co., Ltd.	$ 59,040	$ 63,000
Tomorrow Medical System Co., Ltd.	14,280	13,878
Hua Lin Instruments Co., Ltd.	12,360	10,458
E Century Healthcare Corporation	15,720	15,258
Hsing-Yeh Biotechnology Co., Ltd.	12,120	11,478
Others	29,717	26,261
	$ 143,237	$ 140,333

Management service revenue pertains to revenue arising from administrative resources, technical consultation on medical practices and management services rendered by the Company to related parties and the prices and payment terms are decided by both parties.

B. Rent expenses (shown as 'Operating costs')

			Years ended December 31,	
Lease objects	Lessors	Leasing period	2022	2021
Land and Buildings	Chiu Ho Medical System Co., Ltd.	2021.1.1~2022.5.31	$ 15	$ 168
	Chiu Ho Scientific Co., Ltd.		-	54
			$ 15	$ 222

The Company paid rent monthly.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable		
Treasure of Health Co., Ltd.	$ -	$ 210

(a) The accounts receivable are not overdue or impaired and are with good credit quality.

(b) As of December 31, 2021, there are no overdue financial assets.

(c) The maximum amount of the accounts receivable exposed to credit risks is the book value.

D. Other receivables due from related parties

(a) Loans to related parties (including interest receivable)

	Year ended December 31, 2022				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Chiu Ho Medical System Co., Ltd.	$ 143,000	$ 70,000	2%	$ 1,424	$ 924
Tomorrow Medical System Co., Ltd.	50,000	30,000	2%	820	388
Shin-Ho Instruments Co., Ltd.	60,000	60,000	2%	225	225
Others	30,000	10,000	2%	274	87
		$ 170,000		$ 2,743	$ 1,624

	Year ended December 31, 2021				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Chiu Ho Medical System Co., Ltd.	$ 250,000	$ 73,000	2%	$ 2,827	$ 895
Tomorrow Medical System Co., Ltd.	120,000	50,000	2%	1,129	619
Others	130,000	30,000	2%	1,768	259
		$ 153,000		$ 5,724	$ 1,773

The loans lent to subsidiaries are repayable within 1 year and the interest rate is at 2% per annum for both years ended December 31, 2022 and 2021.

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2022	December 31, 2021
J. Ab Beauty Co., Ltd.	$ 369	$ 369

E. Lease transactions－lessee

(a) The Company leases offices from related parties. Rental contracts are all typically made for periods of 3 years. Rents are determined according to the market price and paid monthly.

(b) Lease liabilities

i. Outstanding balance

	December 31, 2022	December 31, 2021
Chiu Ho Medical System Co., Ltd.	$ 2,992	$ 10,082

ii. Interest expense

	Years ended December 31,	
	2022	2021
Chiu Ho Medical System Co., Ltd.	$ 110	$ 234

F. Others

(a) Capital increase of subsidiaries

Company name	Year ended December 31, 2022 Capital increase price per share (in dollars)	Total transaction amount	Percentage of ownership before capital increase	Percentage of ownership after capital increase
Tomorrow Medical System Co., Ltd.	10	$ 200,000	100%	100%

Company name	Year ended December 31, 2021 Capital increase price per share (in dollars)	Total transaction amount	Percentage of ownership before capital increase	Percentage of ownership after capital increase
Shin-Ho Instruments Co., Ltd.	$ 10	$ 100,000	100%	100%

(b) Proceeds from capital reduction of subsidiaries

Company name	Year ended December 31, 2022 Percentage of capital reduction	Total transaction amount	Year ended December 31, 2021 Percentage of capital reduction	Total transaction amount
Hua Lin Instruments Co., Ltd.	0.00%	$ -	14.40%	$ 70,000
Chiu Ho Biotech Co., Ltd.	19.23%	50,000	21.21%	70,000
Hsin Lin Biotech Co., Ltd.	75.00%	60,000	0.00%	-
E Century Healthcare Corporation	13.33%	80,000	0.00%	-
Tong-Lin Instruments Co., Ltd.	12.50%	50,000	0.00%	-
		$ 240,000		$ 140,000

H. Endorsements and guarantees provided to related parties

(a) As of December 31, 2022 and 2021, the balances of financial guarantees provided by the Company to other subsidiaries as collateral for bank borrowings are as follows.

	December 31, 2022	December 31, 2021
Chiu Ho Medical System Co., Ltd.	$ 1,412,000	$ 1,412,000
Tomorrow Medical System Co., Ltd.	1,388,000	1,410,000
Others	1,021,000	1,021,000
	$ 3,821,000	$ 3,843,000

(b) As of December 31, 2022 and 2021, the Company and its subsidiary, Tomorrow Medical System Co., Ltd., signed a syndicated loan agreement with First Commercial Bank, and the

total syndicated loan amounted to $2,580,000 and $2,440,000, respectively. This syndicated loan is jointly guaranteed by the Company and the Company's chairman, Mr. Pei-Lin Lee, and pledged the land and buildings of the subsidiaries, Chiu Ho Medical System Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd., as collateral.

(4) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 41,942	$ 41,846
Post-employment benefits	324	324
Share-based payments	190	356
	$ 42,456	$ 42,526

8. PLEDGED ASSETS

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

	Book value		
Assets	December 31, 2022	December 31, 2021	Purpose
Other non-current assets - Restricted bank deposits	$ -	$ 5,650	Collateral for long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for significant commitment and guarantees and endorsements provided to related parties described in Notes 6(8) and 7(3)H, the Company has no other significant commitments and contingencies.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the needs of the Group's business development, on January 1, 2023, the indirect subsidiary, SenCare Healthcare Company, acquired 51% of the share capital of Ching-An Co., Ltd. and 50.7% of the capital contribution of Hsing-An Long-Term-Care Corporation in the amount of $54,361 and $8,659, respectively.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 42,211	$ 90,904
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 10,537	$ 12,406
Financial assets at amortised cost		
Cash and cash equivalents	$ 182,787	$ 271,845
Accounts receivable (including related parties)	-	210
Other receivables (including related parties)	171,993	155,146
Other financial assets (shown as 'other non-current assets - other')	-	5,650
	$ 354,780	$ 432,851
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 100,000	$ 280,000
Notes payable	135	135
Other payables	24,630	24,790
Bonds payable	1,510,024	1,499,378
Long-term borrowings (including current portion)	1,352,000	1,224,000
	$ 2,986,789	$ 3,028,303
Lease liability	$ 2,992	$ 10,082

B. Financial risk management policies

(a) The Company's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the Company treasury department under policies approved by the Board of Directors. The Company treasury identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange risk from multiple foreign currencies, primarily USD and HKD. Foreign exchange risk arises from net investments in foreign operations.

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

	December 31, 2022			Year ended December 31, 2022 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 7	30.71	$ 215	1%	$ 2
Non-monetary items					
USD:NTD	12,638	30.71	388,113	-	-
GBP:NTD	172	37.09	6,379	-	-

	December 31, 2021			Year ended December 31, 2021 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 9	27.68	$ 249	1%	$ 2
HKD:NTD	27,101	3.55	96,209	1%	962
Non-monetary Items					
USD:NTD	14,273	27.68	395,077		

iii. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $6,888 and ($3,344), respectively.

Price risk

i. The Company is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Company's investments in equity securities comprise domestic and foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $4,191 and $9,090, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by $1,054 and $1,241, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings at variable rates are primarily denominated in NTD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $13,520 and $12,240, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

The Company provides endorsements and guarantees based on the Company's policies and procedures on endorsements and guarantees, to subsidiaries. No collateral is requested for the endorsements and guarantees as the Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to

the expected or contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 100,710	$ -	$ -
Notes payable	135	-	-
Other payables	24,630	-	-
Lease liability	3,000	-	-
Bonds payable and embedded derivative instruments	-	-	1,537,875
Long-term borrowings (including current portion)	25,123	25,123	1,419,310

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 281,330	$ -	$ -
Notes payable	135	-	-
Other payables	24,790	-	-
Lease liability	7,215	3,000	-
Bonds payable and embedded derivative instruments	-	-	1,537,875
Long-term borrowings (including current portion)	164,843	1,096,909	-

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), other financial assets, short-term borrowings, notes payable, other payables, long-term borrowings (including current portion), bonds payable and lease liability.

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

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 41,911	$ -	$ -	$ 41,911
Derivative instruments	-	-	300	300
Financial assets at fair value through other comprehensive income				
Equity securities	10,537	-	-	10,537
	$ 52,448	$ -	$ 300	$ 52,748

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 89,890	$ -	$ 1,014	$ 90,904
Financial assets at fair value through other comprehensive income				
Equity securities	12,406	-	-	12,406
	$ 102,296	$ -	$ 1,014	$ 103,310

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

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

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

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021.

	2022	
	Equity investments	Derivative financial instruments
At January 1	$ 1,014	$ -
Gains and losses recognised in profit or loss	-	300
Sold during the year	(1,014)	-
At December 31	$ -	$ 300

	2021	
	Equity investments	Derivative financial instruments
At January 1	$ -	$ 600
Gains and losses recognised in profit or loss	-	(600)
Acquired during the year	1,014	-
At December 31	$ 1,014	$ -

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 300	Binomial Model	Volatility Discount rate	29.20% (29.20%) 1.5415% (1.5415%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 1,014	Most recent non-active market price	Not applicable	-	Not applicable
Hybrid instrument:					
Convertible bonds	$ -	Binomial Model	Volatility Discount rate	19.10% (19.10%) 0.5655% (0.5655%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2022 and 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting period: None exceeds $100 million.

(2) Information on investees

Information on investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Limits on investments in Mainland China: Refer to table 7.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None exceeds $100 million.

(4) Major shareholders information

Refer to table 8.

14. SEGMENT INFORMATION

Segment information is presented in the consolidated financial statements in accordance with the regulations of IFRS 8.

CHC Healthcare Group

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 500,000	$ 300,000	$ 70,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 614,161	$ 2,456,646	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	100,000	100,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	300,000	200,000	60,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	400,000	300,000	30,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	200,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hua Lin Instruments Co., Ltd.	Other receivables	Y	30,000	-	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Chiu Ho Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Hsin Lin Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	10,000	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
0	The Company	Tong-Lin Instruments Co., Ltd.	Other receivables	Y	50,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	614,161	2,456,646	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	3,500	1,000	1,000	2.5%	Business transaction	7,840	-	-	None	-	7,840	63,710	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y				2.5%	Business transaction	208,141	-	-	None	-	199,136	398,272	
					170,000	70,000	70,000										
						$ 1,131,000	$ 241,000										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 12,283,231	$ 1,412,000	$ 1,412,000	$ 298,096	$ -	22.99%	$ 18,242,847	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	12,283,231	2,338,000	1,388,000	1,035,232	-	22.60%	18,424,847	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	12,283,231	150,000	150,000	34,052	-	2.44%	18,424,847	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	12,283,231	100,000	100,000	15,975	-	1.63%	18,424,847	Y	N	N	
0	The Company	Shin-Ho Instruments Co., Ltd.	2	12,283,231	771,000	771,000	588,016	-	12.55%	18,424,847	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,991,363	828,236	-	-	-	0.00%	2,987,045	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,991,363	575,164	-	-	-	0.00%	2,987,045	N	N	N	
2	Chiu Ho Medical System Co., Ltd.	The Company	3	9,160,417	1,106,687	1,106,687	905,715	1,106,687	24.16%	13,740,625	N	Y	N	
2	Chiu Ho Medical System Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	9,160,417	621,674	621,674	621,674	621,674	13.57%	13,740,625	N	N	N	
3	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	250,621	45,060	44,080	19,836	-	35.18%	$ 375,932	N	N	Y	
						$ 5,593,441	$ 3,518,596	$ 1,728,361						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group

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

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stocks–Fubon Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	105,000	$ 5,911	0.00%	5,911	
The Company	Common stocks–Cathay Financial Holding Co., Ltd.	-	Financial asset at fair value through profit or loss - current	216,323	8,653	0.01%	8,653	
The Company	Common stocks–United Microelectronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	410,000	16,687	0.00%	16,687	
The Company	Common stocks–Apex International Co., Ltd. - KY	-	Financial asset at fair value through profit or loss - current	200,000	10,660	0.11%	10,660	
The Company	Common stocks–S&S Healthcare Holding Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	397,620	10,537	1.93%	10,537	
Chiu Ho Medical System Co., Ltd.	Preference stocks–Centaur (Note)	-	Financial asset at fair value through profit or loss - non-current	55,089	59,960	2.52%	59,960	
Chiu Ho Medical System Co., Ltd.	Common stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	3.71%	-	
Chiu Ho Medical System Co., Ltd.	Common stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

Note: The name of the investee was ASTO CT Inc. and was changed to Centaur Health Holdings, Inc. on November, 2021.

CHC Healthcare Group

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

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 208,141	97%	6 months	-	-	$ 183,588	88%	Note

Note 1: Sales amount includes rental revenue.
Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $183,588	1.12	$ 72,795	In collection	$ 30,021	$ -

Note: The subsequent collections were amounts collected as of March 22, 2023.

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Information on investees

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,956,388	407,000,000	100.00%	$ 4,536,853	$ 146,985	$ 135,049	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	613,484	413,484	90,800,000	100.00%	1,002,080	18,279	18,279	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	159,277	25,357	25,357	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	197,182	247,182	21,000,000	100.00%	242,947	22,308	22,308	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	219,171	219,171	21,300,000	100.00%	195,591	(13,469)	(13,469)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	321,183	371,183	35,000,000	100.00%	453,761	54,553	54,597	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	381,815	381,815	41,600,000	100.00%	526,532	41,991	41,991	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	25,929	85,929	2,000,000	100.00%	34,246	8,012	8,012	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	476,151	556,151	52,000,000	100.00%	736,043	71,641	71,641	Subsidiary
The Company	CHC Healthcare (UK) Limited	United Kingdom	Medical instrument sale	7,364	-	200,000	100.00%	6,382	(1,028)	(1,028)	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	388,110	(17,071)	(17,071)	Subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Treasure of Health Co., Ltd.	Taiwan	Drug and health supplements sale	$ 335,070	$ 335,070	1,978,800	51.00%	$ 367,828	$ 84,154	$ 34,302	Subsidiary
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	3,986	3,593	100,000	100.00%	40,688	43	42	Subsidiary
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service, elderly residence and senior fitness	194,000	194,000	19,400,000	65.99%	189,524	(2,215)	(1,462)	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	5,358	5,358	2,566	100.00%	58	(590)	(590)	Subsidiary (Note 1)
Chiu Ho Medical System Co., Ltd.	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	1,513,464	93,600,000	100.00%	1,605,538	28,370	23,827	Subsidiary (Note 1)
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	8,307	(836)	(334)	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	27,720	(902)	(875)	Subsidiary (Note 2)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: Investee was organised as an associate.

CHC Healthcare Group

Information on investments in Mainland China

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 291,830	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 291,830	$ -	$ -	$ 291,830	($ 17,836)	100%	($ 17,827)	$ 213,282	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	231,689	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	231,689	-	-	231,689	700	100%	700	125,311	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 523,519	$ 523,519	$ 3,841,858

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.49%
Tien-Ying Lee	9,413,985	5.82%

CHC Healthcare Group

Responsible person: Pei-Lin Lee