

Stock Code : 6796



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Medimaging Integrated Solution Inc.

ANNUAL REPORT 2022

Annual report is available at : <https://mops.twse.com.tw>

Company Website : <http://www.miis.com.tw>

Printed on : May 10, 2023

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1. The Spokesman & Acting Spokesman

Spokesman

Name CHENG, CHU-MING
Title CEO
Tel +886-3-579-8860
E-mail ir@miis.com.tw

Acting Spokesman

Name KO, HUI-YU
Title Vic President
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2. The Company's Headquarters & Factories

Company's Headquarters:

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Tel: +886-3-579-8860

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3. The Agency Handling Shares Transfer

Company: KGI SECURITIES

Website: <https://www.kgi.com.tw>

Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei 100502 , Taiwan (R.O.C.)
Tel: +886-2-2389-2999

4. Auditors

Company: PwC Taiwan

Auditors: Li, Tien-Yi and Chien-Yu Liu

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan (R.O.C.)

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Tel: +886-2-2729-6666

5. Overseas Securities Trade & Exchange Information: None

6. Company Website: <http://www.miis.com.tw>

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Appendix4 2022 Parent Company Only Financial Statements and Independent Auditors' Report

I . LETTER TO SHAREHOLDERS

Medimaging Integrated Solution Inc.

2022 Business Report

1. 2022 Business Results

(1) Financial results

Unit : NT\$ thousands

	2022	2021	Increases (decreases)	Change %
Operating revenue	502,088	485,871	16,217	3.3%
Gross profit	254,388	255,722	-1,334	-0.5%
Net Operating Income	59,604	86,623	-27,019	-31.2%
Net profit before tax	87,412	80,909	6,503	8.0%
Net profit after tax	70,019	66,481	3,538	5.3%

(2) Budget implementation: The Company did not disclose its financial forecasts of the year of 2022, so it is not necessary to publicly disclose the implementation of the budget.

(3) Financial profitability

Item		2022	2021
Financial structure	Liability to asset ratio (%)	22.97%	32.09%
	Long-term asset to real estate, plant and equipment ratio (%)	446.35%	437.41%
Debt-paying capability	Current ratio (%)	513.05%	337.21%
	Quick ratio (%)	373.84%	240.44%
Profitability	Return on assets (%)	9.14%	10.09%
	Return on equity (%)	12.35%	15.17%
	Net income ratio (%)	13.95%	13.68%
	Basic earnings per share (NTD)	2.2	2.3

(4) Overview of R&D

In 2022, the Company has obtained Taiwan TFDA Class II Medical Device License and US FDA 510(k) for disposable nasopharyngoscope, Taiwan TFDA Class II Medical Device License for disposable flexible video endoscope, and Japan Class II Medical Device License for optical coherence tomography (OCT). The clinical trial for wound care AI software also has been completed, and the Company is currently applying for Taiwan TFDA Class II Medical Device License.

The Company plans to continue investing over 20% of our annual revenue in research and development, aiming to develop innovative digital medical devices in the future.

2. 2023 Business Outlook

(1) Operating guideline

- (i) Focusing on the three major markets of telemedicine, digital healthcare, and minimally invasive diagnosis and treatment, the Company continuously develops intelligent medical equipment and provides innovative medical solutions through a dual-engine model of own-brand and CDMO.
- (ii) Products for telemedicine market: the Company aims at the home care market and develops products from existing professional medical products to household products; Products for digital healthcare market: the Company expands the platform of existing software to be compatible with different operating systems;
Products for minimally invasive diagnosis and treatment market: the Company continuously develops disposable endoscopes with various functions suitable for different organs.
- (iii) The Company forms cross-industry alliances with domestic telecom companies, medical insurance companies, and health management companies to create new business models for health management and sales through collaborative projects.
- (iv) The Company will expand sales markets in addition to the United States to reduce the risk of market concentration.

(2) Sales Forecast

The Company will take into account past experiences, current operational status, product sales plans, and consider future business environment and market conditions to establish internal operational goals.

(3) Significant Production and Sales Policies

- (i) Strengthen supply chain management, including material delivery times, raw material quality, and procurement prices.
- (ii) Participate in marketing exhibition activities based on product attributes to expand the distributor and CDMO customer base.
- (iii) For component products that are not medical equipment (such as micro camera module), use B2B websites to increase product exposure and reach.

3. Future Development Strategies

The Company specializes in the design, development, and production of digital medical imaging diagnostic devices, operates in a CDMO model and collaborate with international leading companies or sell our products under our own brand, horus SCOPE, through medical channels, and focuses on emerging markets such as remote medicine, digital medicine, and minimally invasive diagnosis and treatment. The Company concentrate on the relevant applications of core technologies and combine hardware modules with AI software to provide innovative medical integration solutions.

4. External Competition, Regulatory Environment, and Overall Business Environment Impact

The global trends for telemedicine, digital healthcare, and minimally invasive treatment are

clear. The support of regulations and the inclusion of insurance payments in various countries have gradually formed the entire market mechanism. However, medical institutions' budgets are generally affected by the financial subsidies of governments or crowding out effect of budget due to inflation. As a result, short-term demand may be subject to fluctuations, but long-term demand should remain unaffected.

Despite the uncertainties around the world, the Company will continue to focus on the development of advanced medical devices and solutions to strengthen the Company's competitiveness and technological capabilities, to create market opportunities with customers and suppliers, and to create higher shareholder value to reward shareholders for their long-standing expectations and support.

CHENG, CHU-MING
Chairman

CHENG, CHU-MING
President

FAN, CHING YI
Chief Accounting Officer

II. COMPANY PROFILE

1. Date of Incorporation: Augst-5, 2020

2. A Brief History Of the Company

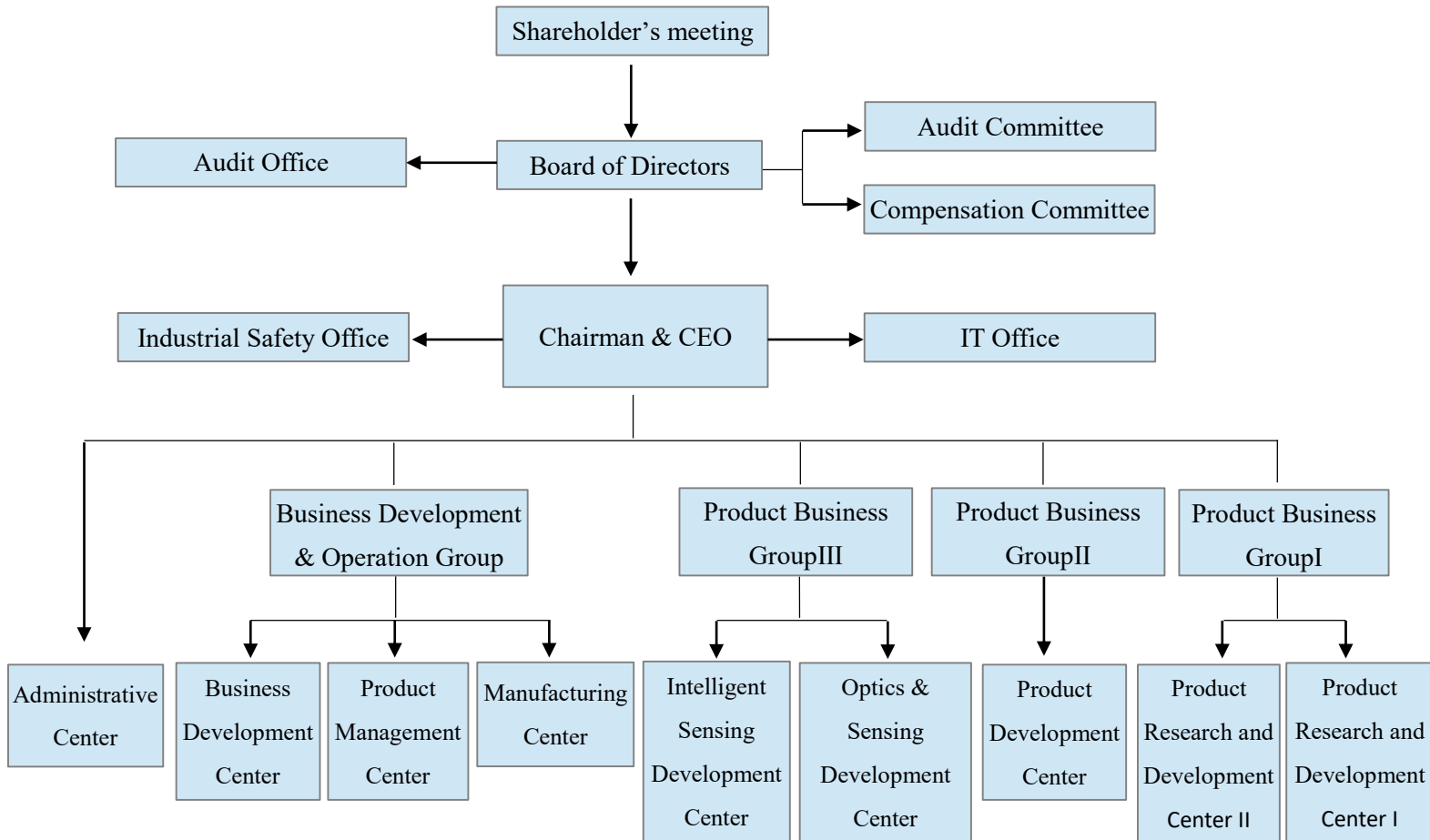
Year		Milestone
2010	Aug	Medimaging Integrated Solution Inc. was founded in NCTU innovation incubation center. Main Business is research, development, design, manufacturing and sale for digital medical imaging devices and AI software in medical image analysis.
	Nov	Won Venture Star Award
2011	Jun	Approved to invest and establish in Hsinchu Science Park
	Aug	Received license of manufacturing and sale of pharmacist
	Sep	Won Taiwan Health and New Agriculture Industry Draft Competition Award
	Dec	Received certificate of ISO9001 and ISO13485
2012	Jan	Received GMP certificate
	Nov	Won NCTU innovation incubation center Excellent Award
	Nov	Won the Silver Medal Award of the Technology-niche industry Grope for the 11th Business Star-up Award
	Nov	Won Best Practice of Small and Medium Enterprise Administration, Ministry of Economic Affairs
	Dec	Won Excellent Award of Small and Medium Enterprise Administration, Ministry of Economic Affairs
2013	Oct	Won SBIR Innovative Technology Award
	Nov	Won Highlights Enterprise Award
2014	Nov	Won AABI Torch Award
2015	Dec	DEC 200 won the 12th National Innovation Award
2016	Dec	DEC200 won Bronze Medal Award of Drug Science and Technology Research and Development
	Dec	UOC 100 won Hsinchu Science Park Innovative Product Award
2017	Feb	DEC200 won Taiwan Excellence Gold Award
	Apr	Won National Industrial Innovation Award
	Apr	Patent “HOST, OPTICAL LENS MODULE AND DIGITAL DIAGNOSTIC SYSTEM” won National Innovation and Creation Award
	Jun	horus SCOPE_5MP eye care total solution won INPEX Gold Medal Award
	Jun	DEC 200 won Taipei Biotech Awards
	Jul	Won Smart Life Innovative Service Award of Institute for Information Industry
	Oct	MiiS horus SCOPE 200P set won Taiwan Excellence Award
	Dec	BOD decided to purchase facilities located at 3F, No.24-2, Industry E. Road IV, Hsinchu Science Park

Year		Milestone
2018	Jul	Won Taipei Biotech Awards
	Oct	UOC100 won Taiwan Excellence Award
	Oct	Won Grand Prize of ASPA Awards
	Oct	Won National Award of Outstanding SMEs
2019	May	Selected as Bayer Grants4Apps program partner
	Oct	DPT100 won Taiwan Excellence Award
2020	Apr	Approved application of Action Plan for Accelerated Investment by Domestic Corporations
	Nov	Patent” LENS MODULE AND EYE FUNDUS CAMERA “ won National Innovation and Creation Award
	Nov	DEA 200 / DEA 200P won Taiwan Excellence Golden Award
2021	Apr	DIB 100+DEC 200+DSC 300 won iF DESIGN AWARD
	Oct	MPD100 won Taiwan Excellence Award
2022	Mar	Portable Edge AI-DR (with ITRI) won Edison Awards
	Nov	AI-DR (Diabetic Retinopathy) Software and Device won Taiwan Excellence Golden Award

III. CORPORATE GOVERNANCE REPORT

1. Organizational System

1.1 Organizational Chart



1.2 Major Corporate Functions

Organization	Functions
Audit Office	Examine, review, and evaluate the internal control system, and provide timely improvement suggestions to ensure the continuous effective implementation of the internal control system and compliance with relevant legal and regulatory requirements.
CEO	Formulating and promoting strategic planning, business policies, and objectives. Supervising and managing the operational performance of each department.
IT Office	Responsible for the planning, establishment, and maintenance of the company's information systems and information security.
Industrial Safety Office	Drafting, planning, and promoting occupational safety and health management matters for workers.
Administrative Center	Responsible for financial, accounting, shareholder services, human

	resources, general affairs, and plant operations.
Business Development Center	Managing the formulation and implementation of marketing strategies and marketing business plans. Executing the coordination of domestic and international sales channels. Customer management and order processing.
Product Management Center	Developing new product development plans and managing progress.
Manufacturing Center	Executing production plans and monitoring production progress. Coordinating production and sales, managing delivery schedules, and inventory management. Controlling and improving production progress and product quality. Responsible for procurement of various raw materials, equipment, and supplies. Conducting inquiries, comparisons, and negotiation for raw material procurement, and managing suppliers. Maintaining the operation of the quality system and coordinating external audits.
Intelligent Sensing Development Center	Designing, developing, prototyping, and mass-producing artificial intelligence sensing modules.
Optics & Sensing Development Center	Designing, developing, prototyping, and mass-producing image sensing modules.
Product Development Center	Designing, developing, and prototyping image sensing-related application products. Assisting in regulatory assessment, product inspection registration, and planning and conducting clinical trials for various research and development projects.
Product Research and Development Center I	Designing, developing, and prototyping new products related to optical components and mechanical components for product development.
Product Research and Development Center II	Designing, developing, and prototyping new products related to electronic components, firmware, and software. Managing patent and trademark applications and maintenance.

2. Information on Board Members, president, Vice presidents, and the supervisors of all divisions and branch units, as follows:

2.1 Information on Board Members:

2.1.1 Board Members

2023/4/30

Title	Name	Gender & age	Nationality or Place of Registration	Date first elected	Date Effective	Term	Shares held when elected		Shares currently held		Shares currently held by their spouses and minor children		Shares held in the name of others		Major experience and academic background	Concurrent positions in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	CHENG, CHU-MING	Male 41-50	R.O.C	2010.07.20	2020.12.10	3	4,308,776	19.19%	5,569,659	16.76%	333,433	1%	0	0%	Ph.D in Department of Photonics, National Chiao Tung University Senior Director, Young Optics Inc.	CEO,MiiS Director, Medimaging Integrated Solution Inc.(Dongguan) Legal representative,Medview Investments Limited	-	-	-	Note 1
Director	Welch Allyn Inc.	-	U. S. A	2016.06.15	2020.12.10	3	3,950,721	17.59%	4,977,908	14.98%	0	0%	0	0%	-	-	-	-	-	
	REPRESENTATIVE: Eliza Chong	Female 41-50	S.G				0	0%	0	0%	0	0%	0	0%	National University of Singapore MBA Principal, Head of Medtech Consulting, Asia Pacific	Executive Director APAC-Hillrom	-	-	-	
Director	HSU, CHIH LU (Note2)	Male 51-60	R.O.C	2016.06.15	2020.12.10	3	456,227	2.03%	448,408	1.35%	487,889	1.47%	0	0%	Master Degree in Physics, National Tsinghua University Product Development Manager, Young Optics Inc. Senior Product Program Manager, Young Optics Inc.	Supervisor, Medimaging Integrated Solution Inc.(Dongguan)	-	-	-	
Director	ROAN, YUNG-CHIH (Note3)	Male 51-60	R.O.C	2011.05.01	2020.12.10	3	383,921	1.71%	468,483	1.41%	253,290	0.76%	0	0%	Master Degree in Physics, FU Jen Catholic University Oerlikin Optics Product Line manager Materion Optics Asia Sales manager	Partner, OMS Tech	-	-	-	
Independent Director	CHANG, MING-JYE	Male 61-70	R.O.C	2021.12.10	2020.12.10	3	0	0%	0	0%	0	0%	0	0%	MBA, Rutgers, The State University of New Jersey GM,Mega Securities	-	-	-	-	
Independent Director	WANG, PAO-CHANG	Male 41-50	R.O.C	2020.12.10	2020.12.10	3	0	0%	0	0%	0	0%	0	0%	MBA, National Taiwan University VP,KPMG CFO, Amazing Microelectronic Corp.	-	-	-	-	

Independent Director	CHIU, CHIN-TAIN (Note4)	Male 61-70	R.O.C	2021.07.02	2021.07.02	3	0	0%	0	0%	0	0%	0	0%	0	0%	Ph.D in Bussiness Administration,National Chengchi University. MBA, Sloan School of Management,MIT HSBC Senior Vice President/Head of Corporate Banking Division/Head of Taipei Branch	Independent Director,MiiS Independent Director, 3D GLOBAL BIOTECH INC. Supervisor,Sino-Indonesia Cultural and Economic Association Director,Chiu Shi-De Enterprise Co., Ltd.	-	-	-	
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Note1:The company is a small to medium-sized enterprise, where the Chairman also serves as the General Manager. This arrangement allows for smooth decision-making processes and enhances operational efficiency. However, there may be concerns regarding the lack of checks and balances in corporate governance. To address this, our company has established three independent directors, with over half of the directors not concurrently holding positions as company employees or managers. Additionally, we have set up an Audit Committee and a Compensation Committee in accordance with the law to enhance the functions of the board of directors and strengthen oversight capabilities.

Note2:On June 15, 2016, the company appointed directors for the first time. On June 26, 2019, there was a change in the board of directors, with some directors stepping down from their positions. On December 10, 2020, there was another round of director elections, appointing new directors to the company.

Note3:On May 1, 2011, the company appointed directors for the first time. On June 15, 2016, there was a board and supervisory election, appointing supervisors to the company. On December 10, 2020, there was another round of director elections, appointing new directors to the company.

Note4:On July 2, 2021, a by-election was held to appoint independent directors to the company.

2.1.2 Major shareholders of the Company' s major institutional shareholders

2023/4/30

Legal Entity	Name of Institutional Shareholders
Welch Allyn Inc.	Baxter International Inc.(100%)

2.1.3 Major shareholders of Institutional Shareholders

2023/3/30

Legal Entity	Name of Institutional Shareholders
Baxter International Inc.	Blackrock Inc. (12.55%) Vanguard Group, Inc. (The). (12.02%) State Street Corporation (The) (4.21%) Vanguard Specialized-Dividend Growth Fund (3.28%) Vanguard Total Stock Market Index Fund (3.03%) Morgan Stanley (2.57%) Vanguard 500 Index Fund (2.31%) Macquarie Group Limited (1.83%) Price (T.Rowe) Associates Inc (1.82%) Geode Capital Management, LLC (1.77%)

2.1.4 Professional qualifications and independence analysis of directors

(1) Diversity and Professionalism

Terms Name	Professional Qualifications and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
CHENG, CHU-MING	<u>Main experience (educationalbackground)</u> Ph.D in Department of Photonics, National Chiao Tung University Senior Director, Young Optics Inc. <u>Current positions:</u> CEO,MiiS Director, Medimaging Integrated Solution Inc.(Dongguan) Legal representative,Medview Investments Limited <u>Expertise:</u> board leadership experience Experience in the electronics, telecommunications, information technology, biotechnology and healthcare, and business management industries. <u>Note :</u> The various situations specified in Article 30 of the	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-

	Company Law are not applicable.		
Welch Allyn Inc. Representative: Eliza Chong	<u>Main experience (educationalbackground)</u> National University of Singapore MBA Principal, Head of Medtech Consulting, Asia Pacific <u>Current positions:</u> Executive Director APAC-Hillrom <u>Expertise:</u> Experience in the biotechnology and healthcare, as well as business management industries. ° <u>Note :</u> The various situations specified in Article 30 of the Company Law are not applicable.	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-
HSU, CHIH LU	<u>Main experience (educationalbackground)</u> Master Degree in Physics, National Tsinghua University Product Development Manager, Young Optics Inc. Senior Product Program Manager, Young Optics Inc. <u>Current positions:</u> Vice president, MiiS Supervisor, Medimaging Integrated Solution Inc.(Dongguan) <u>Expertise:</u> Experience in the electronics, telecommunications, information technology, biotechnology and healthcare, and business management industries. <u>Note :</u> The various situations specified in Article 30 of the Company Law are not applicable.	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-
ROAN, YUNG-CHIH	<u>Main experience (educationalbackground)</u> Master Degree in Physics, FU Jen Catholic University Oerlikon Optics Product Line manager Materion Optics Asia Sales manager <u>Current positions:</u> Partner, OMS Tech <u>Expertise:</u> Experience in the electronics, telecommunications, and information technology industries. ° <u>Note :</u> <u>The various situations specified in Article 30 of the Company Law are not applicable.</u>	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-

CHANG, MING-JYE	<u>Main experience (educationalbackground)</u> MBA, Rutgers, The State University of New Jersey GM, Mega Securities <u>Current positions:</u> None <u>Expertise:</u> Experience in the finance, securities, and business management industries. <u>Note :</u> <u>The various situations specified in Article 30 of the Company Law are not applicable.</u>	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-
WANG, PAO-CHANG	<u>Main experience (educationalbackground)</u> MBA, National Taiwan University VP, KPMG CFO, Amazing Microelectronic Corp. <u>Current positions:</u> None <u>Expertise:</u> Experience in the finance, accounting, electronics, telecommunications, information technology, and business management industries. ° <u>Note :</u> <u>The various situations specified in Article 30 of the Company Law are not applicable.</u>	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	-
CHIU, CHIN-TAIN (Note1)	<u>Main experience (educationalbackground)</u> Ph.D in Bussiness Administration,National Chengchi University. MBA, Sloan School of Management,MIT HSBC Senior Vice President/Head of Corporate Banking Division/Head of Taipei Branch <u>Current positions:</u> Independent Director,MiiS Independent Director, 3D GLOBAL BIOTECH INC. Supervisor,Sino-Indonesia Cultural and Economic Association Director,Chiu Shi-De Enterprise Co., Ltd. <u>Expertise:</u> Experience in the banking, electronics, telecommunications, information technology, biotechnology and healthcare, and business management industries. <u>Note :</u> The various situations specified in Article 30 of the Company Law are not applicable.	There is no violation of the independence criteria stipulated in the Securities and Exchange Act among the directors of our company.	1

Note1 : On July 2, 2021, a by-election was held for the position of independent director in the company.

(2) Independence of the Board

A Diversification of the board of directors

To strengthen corporate governance and promote the sound development of the board of directors, the company has established the "Corporate Governance Practices Guidelines." Article 20 of these guidelines stipulates that the composition of the board of directors should take into account diversification. Except for directors concurrently serving as company executives, their representation on the board should not exceed one-third of the total number of directors. The company should also formulate appropriate diversification policies based on its operations, business model, and development needs. These policies should include, but are not limited to, the following two major aspects:

- (1) Basic criteria and values: gender, age, nationality, and culture, among others.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry-specific expertise, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills, and qualities necessary to fulfill their duties. To achieve the ideal goals of corporate governance, the board as a whole should possess the following capabilities:

- (1) Operational Judgment
- (2) Accounting and financial analysis ability
- (3) Business management ability
- (4) Crisis management ability
- (5) Knowledge of the industry
- (6) International market perspective
- (7) Leadership
- (8) Ability to make policy decisions

In addition, the company also places importance on gender equality in the composition of the board of directors. Currently, there are 7 board seats, including 1 female director, resulting in a ratio of 14.3%.

The diverse and professional backgrounds of the current board members of the Company are summarized in the following:

Name of Director	Diversity Core	Basic Composition							Industrial Experience				Professional Competence					
		Nationality	Gender	Equipped with Employee Identity	Age			Length of service of the Independent Director			Bank	Security	Medical	IOT	Accounting	Law	Information Technology	Business Management
41~50	51~60				61~70	≥ 3 years	3~9 years	≥ 9years										
	CHENG, CHU-MING	R.O.C	Male	✓	✓							✓	✓				✓	✓
	Eliza Chong	S.G	Female		✓							✓						✓
	HSU, CHIH LU	R.O.C	Male	✓		✓						✓	✓				✓	✓
	ROAN, YUNG-CHIH	R.O.C	Male			✓						✓	✓				✓	✓
	CHANG, MING-JYE	R.O.C	Male				✓	✓				✓		✓				✓
	WANG, PAO-CHANG	R.O.C	Male		✓			✓					✓	✓			✓	✓
	CHIU, CHIN-TAIN	R.O.C	Male				✓	✓			✓	✓	✓				✓	✓

B Independence of the Board of Directors

The current board of directors of the company consists of 7 members, including 3 independent directors, accounting for 43% of the total. There are no spousal or close familial relationships (within two degrees of kinship) among the board members.

2.2 Information on president, Vice president, and the supervisors of all divisions and branch units

2023/4/30

Title	Name	Gender	Nationality or Place of Registration	Date Effective	Current Shareholding		Shares currently held by their spouses and minor children		Shares held in the name of others		Main working (education) experience	Concurrent positions in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Stock options	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
President & CEO	CHENG, CHU-MING	Male	R.O.C	2010.08.05	5,569,659	16.76%	333,433	1%	0	0%	Ph.D in Department of Photonics, National Chiao Tung UniversitySenior Director, Young Optics Inc.	Director, Medimaging Integrated Solution Inc.(Dongguan) Legal representative,Medview Investments Limited	-	-	-	325	Note1
Executive Vice President	LEE, YU-TSUNG	Male	R.O.C	2011.03.23	476,640	1.43%	0	0%	0	0%	Master's degree in Physics from Sun Yat-sen University R&D Manager, Young Optics Inc.	-	-	-	-		
Executive Vice President	CHEN, CHIN-YI	Female	R.O.C	2012.04.10	212,630	0.64%	0	0%	0	0%	Master Degree in Applied Languages, Ming Chuan University Sales Manager, Young Optics Inc.	Director, Medimaging Integrated Solution Inc.(Dongguan)	-	-	-		
CTO	GUO, JHE-RONG	Male	R.O.C	2010.11.01	1,082,172	3.26%	0	0%	0	0%	Bachelor's degree in Engineering Science, National Cheng Kung University Software Manager, Bluepacket System Application Manager, ENE	-	-	-	-		
Vice President	HSU, CHIH	Male	R.O.C	2011.01.01	448,408	1.35%	487,889	1.47%	0	0%	Master Degree in Physics, National Tsinghua University Product	Supervisor, Medimaging Integrated Solution	-	-	-		

	LU										Development Manager, Young Optics Inc. Senior Product Program Manager, Young Optics Inc.	Inc.(Dongguan)					
Vice President	KANG, CHI-YUAN	Male	R.O.C	2015.01.08	41,491	0.12%	0	0%	0	0%	Master's degree in Electrical Engineering, Tsinghua University Senior R&D Manager, LITEON	Director, Medimaging Integrated Solution Inc.(Dongguan)	-	-	-		
Vice President	KO, HUI-YU	Female	R.O.C	2012.11.19	144,843	0.44%	0	0%	0	0%	Master's degree in Business Law, National Taiwan University Master's degree in Business Administration, National Taiwan University of Science and Technology Deputy Finance Manager, URE	Director, Medimaging Integrated Solution Inc.(Dongguan)	-	-	-		
Vice President (Note 2)	LIAO, LONG-SHENG	Male	R.O.C	2010.10.01	-	-	-	-	-	-	Master's degree in Electronic Physics, National Chiao Tung University Project Leader for System Design and Planning, Young Optics Inc.	-	-	-	-		
Accounting Manager (Note 2)	FAN, CHING YI	Female	R.O.C	2018.05.24	-	-	-	-	-	-	Master's degree in Finance, National Chiao Tung University Deputy Finance and Accounting Manager, UBP Deputy Accounting Manager, WIN	-	-	-	-		

Accounting Manager (Note 3)	HUANG, SHIH TING	Female	R.O.C	2023.05.10	0	0.0%	0	0%	0	0%	Master's degree in Business Administration, Tsinghua University Bachelor's degree in Accounting , Chung Yuan Christian University Deputy Accounting Manager, ELLSTECH OPTICAL CO., LTD. Deputy Manager of Cost Accounting and Business Unit Management, Innolux Senior Auditor, PwC	-	-	-	-		
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Note1 : Our company is a small to medium-sized enterprise, with the Chairman also serving as the General Manager. This arrangement allows for a smooth decision-making process and enhances operational efficiency. However, there may be concerns regarding the lack of checks and balances in corporate governance. To address this, our company has appointed 3 independent directors, and more than half of the directors do not hold any employee or managerial positions within the company. Additionally, we have established an Audit Committee and a Compensation Committee in accordance with the law to enhance the functions of the board of directors and strengthen its oversight capabilities.

Note2 : VP resigned on July 5, 2022.Accounting manager resigned on March 17, 2023.

Note3 : Appointed by the Audit Committee, Compensation Committee, and Board of Directors on May 10, 2023.

2.3 Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto

Our company is a small to medium-sized enterprise where the Chairman also serves as the General Manager. This dual role helps streamline the decision-making process and improve operational efficiency. However, there may be concerns about the lack of checks and balances in corporate governance. To address this, the company has appointed 3 independent directors, and the majority of the directors do not hold any employee or managerial positions within the company. Additionally, in accordance with the law, the company has established an Audit Committee and a Compensation Committee to enhance the functions of the board of directors and strengthen its oversight capabilities.

3. Remuneration paid during the most recent fiscal year to directors, the president, and vice presidents

3.1 Remuneration of Directors

Unit: NT\$ thousands ; %

Title	Name	Director’s remuneration								Sum of A+B+C+D & ratio of net income after tax		Remuneration from concurrent position as employee								Sum of A+B+C+D+E +F+G & ratio of net income after tax		Com pens ation Rece ived from Non- cons olida ted Affil iates
		Cash compensation (A)		Pension (B)		Remuneration from profit distribution (C)		Business expenses (D)				Salaries, bonuses and special expenses(E)		Pension(F)		Profit distribution for employee compensation (G)						
		Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	Miis	From All Consolidated Entities	MiiS		From All Consolidated Entities		Miis	From All Consolidated Entities	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman	CHENG, CHU-MING	0	0	0	0	488	488	36	36	524 0.7%	524 0.7%	5,567	5,567	0	0	700	0	700	0	6,792 9.7%	6,792 9.7%	None
Director	Welch Allyn Inc. Representative : Eliza Chong																					

Director	HSU, CHIH LU																					
Director	ROAN, YUNG-CHIH																					
Independent Director	CHANG, MING-JYE																					
Independent Director	WANG, PAO-CHANG	1,800	1,800	0	0	0	0	4	4	1,804 2.6%	1,804 2.6%	0	0	0	0	0	0	0	0	1,804 2.6%	1,804 2.6%	None
Independent Director	CHIU, CHIN-TAIN																					

1. Please explain the policy, system, standards, and structure for the remuneration of independent directors, and describe the correlation between the remuneration amount and factors such as their responsibilities, risks, and time commitment:

The remuneration of independent directors in our company is administered in accordance with the Directors and Executive Compensation Policy.

2. In addition to the disclosure provided in the above table, the remuneration received by the directors of the company during the most recent year for services rendered (such as serving as a consultant for the parent company, all subsidiaries listed in the financial reports, or non-employee advisors for investment ventures) is as follows:None.

Range of Remuneration

Range	Name of Directors			
	(A+B+C+D)		(A+B+C+D+E+F+G)	
	MiiS	From All Consolidated Entities H	MiiS	From All Consolidated Entities I
Under NT\$1,000,000	CHENG, CHU-MING Welch Allyn Inc. Representative:Eliza Chong HSU, CHIH LU ROAN, YUNG-CHIH CHANG, MING-JYE WANG, PAO-CHANG CHIU, CHIN-TAIN	CHENG, CHU-MING Welch Allyn Inc. Representative:Eliza Chong HSU, CHIH LU ROAN, YUNG-CHIH CHANG, MING-JYE WANG, PAO-CHANG CHIU, CHIN-TAIN	Welch Allyn Inc. Representative:Eliza Chong ROAN, YUNG-CHIH CHANG, MING-JYE WANG, PAO-CHANG CHIU, CHIN-TAIN	Welch Allyn Inc. Representative:Eliza Chong ROAN, YUNG-CHIH CHANG, MING-JYE WANG, PAO-CHANG CHIU, CHIN-TAIN
NT\$1,000,000～NT\$1,999,999				
NT\$2,000,000～NT\$3,499,999			CHENG, CHU-MING HSU, CHIH LU	CHENG, CHU-MING HSU, CHIH LU
NT\$3,500,000～NT\$4,999,999	-	-	-	-
NT\$5,000,000～NT\$9,999,999	-	-	-	-
NT\$10,000,000～NT\$14,999,999	-	-	-	-
NT\$15,000,000～NT\$29,999,999	-	-	-	-
NT\$30,000,000～NT\$49,999,999	-	-	-	-
NT\$50,000,00～NT\$99,999,999	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Total	7	7	7	7

3.2 Remuneration of Supervisors: None. The company established the audit committee to substitute for supervisors function.

3.3 Remuneration of President, Vice president

Unit: NT\$ thousands ; %

Title	Name	Salaries (A)		Pension (B)		Bonuses and special expenses (C)		Profit distribution for employee compensation (D)				Sum of A+B+C+D & ratio of net income after tax		Compensation Received from Non-consolidated Affiliates
		MiiS	From All Consolidated Entities	MiiS	From All Consolidated Entities	MiiS	From All Consolidated Entities	MiiS		From All Consolidated Entities		MiiS	From All Consolidated Entities	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	CHENG, CHU-MING	15,347	15,347	0	0	3,736	3,736	2,036	0	2,036	0	21,119 30.2%	21,119 30.2%	None
Executive VP	LEE, YU-TSUNG													
Executive VP	CHEN, CHIN-YI													
CTO	GUO, JHE-RONG													
VP	HSU, CHIH LU													
VP	LIAO, LONG-SHENG (Note)													
VP	KANG, CHI-YUAN													
VP	KO, HUI-YU													

Note : Resigned from the company on July 5th, 2022.

Range of Remuneration

Range	Name of President, Vice president	
	MiiS	From All Consolidated Entities
Under NT\$1,000,000	LIAO, LONG-SHENG	LIAO, LONG-SHENG
NT\$1,000,000 元～NT\$1,999,999	-	-
NT\$2,000,000～NT\$3,499,999	CHENG, CHU-MING LEE, YU-TSUNG CHEN, CHIN-YI GUO, JHE-RONG HSU, CHIH LU KANG, CHI-YUAN KO, HUI-YU	CHENG, CHU-MING LEE, YU-TSUNG CHEN, CHIN-YI GUO, JHE-RONG HSU, CHIH LU KANG, CHI-YUAN KO, HUI-YU
NT\$3,500,000～NT\$4,999,999	-	-
NT\$5,000,000～NT\$9,999,999	-	-
NT\$10,000,000～NT\$14,999,999	-	-
NT\$15,000,000～NT\$29,999,999	-	-
NT\$30,000,000～NT\$49,999,999	-	-
NT\$50,000,000～NT\$99,999,999	-	-
Above NT\$100,000,000	-	-
總 計	8	8

3.4 Disclose the individual remuneration paid to each of its top five management personnel: None.

3.5 Employees' Compensation of the Management Team

Unit: NT\$ thousands

	Title	Name	Employees' Compensation- in Stock	Employees' Compensation- in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	CEO	CHENG, CHU-MING	0	2,036	2,036	2.9%
	Executive VP	LEE, YU-TSUNG				
	Executive VP	CHEN, CHIN-YI				
	CTO	GUO, JHE-RONG				
	VP	HSU, CHIH LU				
	VP(Note)	LIAO, LONG-SHENG				
	VP	KANG, CHI-YUAN				
	vp	KO, HUI-YU				
	Accounting manager(Note)	FAN, CHING YI				

Note : The VP resigned on July 5th, 2022, and the Accounting manager resigned on March 17th, 2023.

3.6 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

3.6.1 The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and vice president

Title	2021		2022	
	MiiS	From All Consolidated Entities	MiiS	From All Consolidated Entities
Directors	3.5%	3.5%	3.32%	3.32%
Supervisors(Note)	-	-	-	-
CEO and Vic President	32.3%	32.3%	30.2%	30.2%

Note : We established the audit committee to substitute for supervisors function.

3.6.2 Analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

(1) The remuneration policy of directors and supervisors

The remuneration policy for directors of the company is implemented in accordance with the provisions of the company's bylaws. In the event of annual profits, a provision of up to three percent may be allocated for director remuneration, subject to approval by the Board of Directors and reporting to the shareholders' meeting. The remuneration for all directors is authorized by the Board of Directors based on their level of involvement and contribution to the company's operations, taking into account industry norms.

As for the remuneration policy for independent directors, it follows the regulations outlined in the Directors and Managerial Personnel Remuneration Act, and a fixed salary is provided on a monthly basis.

(2) The remuneration policy of president and vice presidents

The salary structure for the General Manager and Deputy General Manager of the company includes salary, bonuses, and employee dividends. It is determined based on their contributions, qualifications, operational performance, and the responsibilities they assume, while taking into consideration industry standards.

(3) Analyze the remuneration linkage to operating performance and future risk exposure

The company has established policies and procedures for determining the remuneration of directors, supervisors, general manager, and deputy general manager. These remuneration policies are positively correlated with the company's operational performance. Additionally, future business development and operational risks are taken into consideration. The remuneration amounts are reviewed periodically based on the actual operational conditions and in compliance with relevant laws and regulations. The company also ensures transparency by disclosing the remuneration amounts.

4. Corporate Governance

4.1 Information on implementation of Board of Directors

A total of 8 (A) meetings of the Board of Directors were held during the most recent fiscal year.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	CHENG, CHU-MING	8	-	100%	Note1
Director	Welch Allyn Inc. Representative: Eliza Chong	7	1	87.5%	Note1
Director	HSU, CHIH LU	7	1	87.5%	Note1
Director	ROAN, YUNG-CHIH	8	-	100%	Note1
Independent director	CHANG, MING-JYE	8	-	100%	Note1
Independent director	WANG, PAO-CHANG	8	-	100%	Note1
Independent director or	CHIU, CHIN-TAIN	8	-	100%	Note2

Note1 : Full board of directors' election held on December 10, 2020.

Note2 : Elected on July 2, 2021.

Other mentionable items:

1.If any of the following circumstances happens in the operation of the Board of Directors, it shall describe the date, term, agenda, opinions of independent directors and the Company's treatment of these opinions

(1)The provision of the Securities and Exchange Act, Article 14-3

BOD	Subjects	Matters specified in Articles 14-3 of the Securities and Exchange Act	Dissenting or qualified opinions of independent directors
2022.1.21	1.Assessment and Appointment of Independent and Qualified Certified Public Accountants 2.Acquisition of Office Real Estate and Land Use Rights Asset Proposal 3.Issuance of Annual Performance Bonus for Company's Management Team in 2021 4.Intended Technology Licensing Agreement with Yang Ming University	Yes	None
2022.3.24	1.Allocation of Employee and Director Remuneration for the Company in the 2021 Fiscal Year 2.Fiscal Year 2021 Business Report and Financial Statements for the Company 3.Allocation of Profits for the Fiscal Year 2021 4.Manager's Salary Adjustment Proposal 5.Amendment to the "Asset Acquisition or Disposal Procedure" Section of the Company 6.Amendment to the "Articles of Incorporation" Section of the Company 7.Statement of Internal Control System for the Fiscal Year 2021 8.To facilitate the company's public offering before listing its stocks, it is proposed to carry out a cash capital increase and issue new shares. 9.Submission of Employee Stock Option Plan for Cash Capital Increase and Issuance of New Shares prior to the Company's Initial Public Offering 10.Financial Institution Credit Approval Proposal 11.Amendment of Certain Articles of the "Shareholders' Meeting Rules" of the Company 12.Amendment of Certain Articles of the "Corporate Governance Practices Guidelines" of the Company	Yes	None

BOD	Subjects	Matters specified in Articles 14-3 of the Securities and Exchange Act	Dissenting or qualified opinions of independent directors
	13.Amendment to Certain Articles of the "Corporate Social Responsibility Practices Guidelines" of the Company and Renaming as "Sustainable Development Practices Guidelines" 14.Setting the Date, Venue, Agenda, Proposal Submission Period, and Location for the 111th Annual General Meeting of Shareholders of the Company		
2022.5.11	1.Consolidated Financial Report for the 1st Quarter of the Fiscal Year 2022 2.Submission of Employee Stock Option Plan Participant List for Cash Capital Increase and Issuance of New Shares prior to the Company's Initial Public Offering 3.Establishment of "Trading Suspension and Resumption Procedure" for the Company 4.Establishment of "Standard Operating Procedure for Handling Director Requests" for the Company 5.Adjustment of Decision-making Authority for Audit Reports 6.Financial Institution Credit Application	Yes	None
2022.8.9	1.Consolidated Financial Report for the 2nd Quarter of the Fiscal Year 2022 2.Establishment of the Conversion Date for Employee Stock Option Certificates into New Shares for Capital Increase 3.Proposal for Non-Fund Lending Classification of Significant Accounts Receivable Overdue the Normal Credit Period for More Than 3 Months in the 2nd Quarter of the Fiscal Year 2022 4.Acquisition of Office Real Estate and Obtaining Land Use Rights Asset Proposal 5.Development of Greenhouse Gas Inventory and Verification Timeline in accordance with the "Roadmap for Sustainable Development of Listed Companies"	Yes	None
2022.11.9	1.Consolidated Financial Report for the 3rd Quarter of the Fiscal Year 2022 2.Operating Plan for the Fiscal Year 2023 of the Company 3.Amendment of the "Internal Handling Procedures for Material Nonpublic Information" and "Insider Trading Prevention and Management" Internal Control Systems of the Company 4.Amendment of Certain Articles of the "Board Meeting Regulations" and "Management of Board Meeting Operations" Internal Control System of the Company 5.Comprehensive Revision of the "Internal Control System for Information Security Inspections" of the Company 6.Audit Plan for the Fiscal Year 2023 of the Company 7.Proposed Signing of Technology and Patent Licensing Agreement with Company E 8.Establishment of Employee Stock Option Certificate Issuance and Exercise Method for the Fiscal Year 2022 of the Company	Yes	None
2023.1.13	1.Distribution of Managerial Year-End and Performance Bonuses for the Fiscal Year 2022 of the Company 2.Financial Institution Credit Application	Yes	None

BOD	Subjects	Matters specified in Articles 14-3 of the Securities and Exchange Act	Dissenting or qualified opinions of independent directors
2023.3.17	1.Distribution of Employee and Director Remuneration for the Fiscal Year 2022 of the Company 2.Business Report and Financial Statements for the Fiscal Year 2022 of the Company 3.Profit Distribution Proposal for the Fiscal Year 2022 of the Company 4.Appointment and Remuneration of the Auditor for the Fiscal Year 2023 of the Company 5.Internal Control System Statement for the Fiscal Year 2022 of the Company 6.Establishment of the Reference Date for the Conversion and Issuance of New Shares for Employee Stock Option Certificates for Capital Increase 7.Appointment of Corporate Governance Officer 8.Manager's Salary Adjustment Proposal 9.Proposal for Greenhouse Gas Inventory and Verification Schedule for Subsidiary Company 10.Establishment of Subsidiary Company Proposal 11.Amendment to the Company Governance Practices Guidelines and Sustainable Development Practices Guidelines 12.Proposal for Comprehensive Election of Seven Directors (Including Three Independent Directors) of Our Company 13.Nomination of Directors and Independent Director Candidates of Our Company and Examination of Independence Proposal 14.Proposal for the Removal of Non-Competition Restrictions for Newly Appointed Directors (Including Independent Directors) 15.Proposal for Setting the Date, Venue, Agenda, Acceptance Period, and Location for Shareholders' Meeting of Our Company for the Year 2023	Yes	None
2023.5.10	1.Appointment of Chief Accounting Officer Proposal 2.Proposal for the Consolidated Financial Report for the First Quarter of the Year 2023 of Our Company 3.Proposal for the Establishment of a Pre-approval Procedure for Non-Assurance Services Provided by the Company's External Auditors 4.Proposal for Financial Institution Credit Application	Yes	None

(2)In addition to the previous provisions, other resolutions of the Board meeting against which independent directors make objections or reserve opinions or submit written statements:
None.

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

BOD	Name	Subjects	Reason of avoidance	Participation in voting
2022.1.21	CHENG, CHU-MING HSU, CHIH LU	Proposal for the Disbursement of Manager's Year-End and Performance Bonuses for the Year 2021 of Our Company	Due to the simultaneous dual roles of two individuals serving as company managers	Except for the directors who are required to abstain from participating in the discussion and voting in accordance with the law, the acting chairman, Wang Baozhang, has consulted with the remaining attending directors, and there were no objections to the proposal. Therefore, the proposal is deemed approved.
2022.3.24	CHENG, CHU-MING HSU, CHIH LU ROAN, YUNG-CHIH Welch Allyn, Inc.	Proposal for Employee and Director Remuneration Distribution for the Year 2021	Due to concurrent position as a director	
	CHENG, CHU-MING HSU, CHIH LU	Proposal for Salary Adjustment for Company Executives	Due to the simultaneous dual roles of two individuals serving as company managers	
2022.5.11	CHENG, CHU-MING HSU, CHIH LU	Submission of Employee Stock Subscription List for Initial Public Offering (IPO) Cash Capital Increase and New Share Issuance	Due to the simultaneous dual roles of two individuals serving as company managers	
2023.1.13	CHENG, CHU-MING HSU, CHIH LU	Proposal for Year-end and Performance Bonus Disbursement for Company Executives for the Year 2022	Due to the simultaneous dual roles of two individuals serving as company managers	
2023.3.17	CHENG, CHU-MING HSU, CHIH LU ROAN, YUNG-CHIH Welch Allyn, Inc.	Proposal for Employee and Director Remuneration Distribution for the Year 2022	Due to concurrent position as a director	
	CHENG, CHU-MING HSU, CHIH LU	Proposal for Salary Adjustment for Company Executives	Due to the simultaneous dual roles of two individuals serving as company managers	

3. Evaluation of the performance of the Board of Directors

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Content of Evaluation																														
Performed annually	2022/01/01 ~ 2022/12/31	BOD	Board of Directors Self-Assessment by Members	<table><tr><th colspan="2">評估指標</th><th>指標數</th><th>各面向平均得分</th></tr><tr><td colspan="2">一、對公司營運之參與程度</td><td>12</td><td>4.89</td></tr><tr><td colspan="2">二、提升董事會決策品質</td><td>12</td><td>4.83</td></tr><tr><td colspan="2">三、董事會組成與結構</td><td>7</td><td>4.92</td></tr><tr><td colspan="2">四、董事的選任與持續進修</td><td>7</td><td>4.86</td></tr><tr><td colspan="2">五、內部控制</td><td>7</td><td>4.76</td></tr><tr><td colspan="2">合計</td><td>45</td><td>4.85</td></tr></table>	評估指標		指標數	各面向平均得分	一、對公司營運之參與程度		12	4.89	二、提升董事會決策品質		12	4.83	三、董事會組成與結構		7	4.92	四、董事的選任與持續進修		7	4.86	五、內部控制		7	4.76	合計		45	4.85		
		評估指標		指標數	各面向平均得分																													
		一、對公司營運之參與程度		12	4.89																													
		二、提升董事會決策品質		12	4.83																													
三、董事會組成與結構		7	4.92																															
四、董事的選任與持續進修		7	4.86																															
五、內部控制		7	4.76																															
合計		45	4.85																															
Individual board members	Individual Director Self-Assessment	<table><tr><th colspan="2">自評項目</th><th>指標數</th><th>各面向平均分數</th></tr><tr><td colspan="2">一、公司目標與任務之掌握</td><td>3</td><td>4.95</td></tr><tr><td colspan="2">二、董事職責認知</td><td>3</td><td>5</td></tr><tr><td colspan="2">三、對公司營運之參與程度</td><td>8</td><td>4.89</td></tr><tr><td colspan="2">四、內部關係經營與溝通</td><td>3</td><td>4.9</td></tr><tr><td colspan="2">五、董事之專業及持續進修</td><td>3</td><td>4.9</td></tr><tr><td colspan="2">六、內部控制</td><td>3</td><td>4.86</td></tr><tr><td colspan="2">合計</td><td>23</td><td>4.91</td></tr></table>	自評項目		指標數	各面向平均分數	一、公司目標與任務之掌握		3	4.95	二、董事職責認知		3	5	三、對公司營運之參與程度		8	4.89	四、內部關係經營與溝通		3	4.9	五、董事之專業及持續進修		3	4.9	六、內部控制		3	4.86	合計		23	4.91
自評項目		指標數	各面向平均分數																															
一、公司目標與任務之掌握		3	4.95																															
二、董事職責認知		3	5																															
三、對公司營運之參與程度		8	4.89																															
四、內部關係經營與溝通		3	4.9																															
五、董事之專業及持續進修		3	4.9																															
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合計		23	4.91																															
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Conclusion: Overall, the Board of Directors and various functional committees are operating well. Based on the results of this performance evaluation, the company will continue to enhance the functions of the Board of Directors and various functional committees to improve corporate governance effectiveness.

4. The goals for strengthening the functions of the Board of Directors in the current and recent years are as follows

(1) Establishment of an Audit Committee

The Audit Committee was established by the company on December 10, 2020, to replace the role of the supervisor. The committee is composed of all independent directors, and since its establishment, it has held meetings at least once per quarter. The committee's operations have been smooth and efficient.

(2) Establishment of an Compensation Committee

In order to enhance the salary and compensation system for the directors and executives of the company, the Compensation Committee was established on December 29, 2020, to assist the Board of Directors in fulfilling its oversight responsibilities. As of the date of the annual report publication, the committee has held two meetings, and its operations have been smooth.

4.2 The operation of the Audit Committee or Supervisor

4.2.1. The operation of the Audit Committee

The company has appointed three independent directors in accordance with the law and established an Audit Committee in compliance with the Securities and Exchange Act. In the most recent fiscal year (Year 2022) and up until the date of the public disclosure statement, the Audit Committee held 7 meetings (A), and the attendance of independent directors is as follows: :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Independent director	CHANG, MING-JYE	7	0	100%	-
	WANG, PAO-CHANG	7	0	100%	-
	CHIU, CHIN-TAIN	7	0	100%	-

Other mentionable items

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee

(1)The provision of the Securities and Exchange Act, Article 14-5

Date	Subjects	Dissenting, qualified opinions or major recommendation content of independent directors	Resolution result of the Audit Committee	Response of the Company to the opinions of the Auditing Committee
2022.1.21	1.Assessment and Appointment of Independent and Qualified Auditors 2.Acquisition of Factory and Office Real Estate and Obtaining Land Use Rights Assets Proposal 3.Proposal for Signing a Technology Licensing Agreement with Yang Ming University	None	All attending members approved the proposal.	Not applicable
2022.3.24	1.Proposal for the 110th Fiscal Year Business Report and Financial Statements of Our Company 2.Proposal for the Distribution of Profits for the 110th Fiscal Year of Our Company 3.Proposal to Revise Certain Clauses of the "Asset Acquisition or Disposal Process" of Our Company 4.Proposal for the Internal Control System Statement of Our Company for the 2021 Fiscal Year 5.Proposal for Cash Capital Increase and Issuance of New Shares in Preparation for the Public Offering of Our Company's Stock	None	All attending members approved the proposal.	Not applicable
2022.5.11	1.Proposal for the Consolidated Financial Report of Our Company for the First Quarter of the 2022 Fiscal Year 2.Proposal for the Establishment of the "Procedure for Applying for Suspension and Resumption of Trading Operations" in Our Company 3.Proposal for the Establishment of the "Standard Operating Procedure for Handling Director Requests" in Our Company	None	All attending members approved the proposal.	Not applicable
2022.8.9	1.Consolidated Financial Report for the 2nd Quarter of the Fiscal Year 2022 2.Establishment of the Conversion Date for Employee Stock Option Certificates into New Shares for Capital Increase 3.Proposal for Non-Fund Lending Classification of Significant Accounts Receivable Overdue the Normal Credit Period for More Than 3 Months in the 2nd Quarter of the Fiscal Year 2022 4.Acquisition of Office Real Estate and Obtaining Land Use Rights Asset Proposal	None	All attending members approved the proposal.	Not applicable
2022.11.9	1.Consolidated Financial Report for the 3rd Quarter of the Fiscal Year 2022 2.Operating Plan for the Fiscal Year 2023 of the	None	All attending members	Not applicable

	Company 3. Amendment of the "Internal Handling Procedures for Material Nonpublic Information" and "Insider Trading Prevention and Management" Internal Control Systems of the Company 4. Amendment of Certain Articles of the "Board Meeting Regulations" and "Management of Board Meeting Operations" Internal Control System of the Company 5. Comprehensive Revision of the "Internal Control System for Information Security Inspections" of the Company 6. Audit Plan for the Fiscal Year 2023 of the Company 7. Proposed Signing of Technology and Patent Licensing Agreement with Company E		approved the proposal.	
2023.3.17	1. Business Report and Financial Statements for the Fiscal Year 2022 of the Company 2. Profit Distribution Proposal for the Fiscal Year 2022 of the Company 3. Appointment and Remuneration of the Auditor for the Fiscal Year 2023 of the Company 4. Internal Control System Statement for the Fiscal Year 2022 of the Company 5. Establishment of the Reference Date for the Conversion and Issuance of New Shares for Employee Stock Option Certificates for Capital Increase	None	All attending members approved the proposal.	Not applicable
2023.5.10	1. Appointment of Chief Accounting Officer Proposal 2. Proposal for the Consolidated Financial Report for the First Quarter of the Year 2023 of Our Company 3. Proposal for the Establishment of a Pre-approval Procedure for Non-Assurance Services Provided by the Company's External Auditors	None	All attending members approved the proposal.	Not applicable

(2) Except for the aforementioned matter, other motions not approved by the Audit Committee but had the consent of more than two-thirds of all directors: None.

A For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.

B Communication between independent directors and internal audit officer/CPAs (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome)

a The internal audit supervisor regularly reports the execution status of the audit operations to the independent directors at the Audit Committee meetings. The summarized records of past communication are as follows: :

Date	Communication matters	Communication outcome
2022.1.21	1. Report on the Execution of Internal Audit Operations in the Company	1. Noted
2022.3.24	1. Report on the Execution of Internal Audit Operations in the Company 2. Proposal for the "Internal Control System Statement" for the Company's Fiscal Year 2022	1. Noted 2. Submitted to the Board of Directors after review
2022.5.11	1. Report on the Execution of Internal Audit Operations in the Company	1. Noted

2022.8.9	<ol style="list-style-type: none"> 1. Report on the Execution of Internal Audit Operations in the Company 2. Proposal for the "Non-Financial Loan Cases" to be submitted to the Board of Directors for the Company's Fiscal Year 2022. This proposal pertains to significant accounts receivable that have exceeded the normal credit period of 3 months without collection. 	<ol style="list-style-type: none"> 1. Noted 2. Submitted to the Board of Directors after review
2022.11.9	<ol style="list-style-type: none"> 1. Report on the Execution of Internal Audit Operations in the Company 2. Revision of the "Internal Significant Information Processing Procedures" and the "Management of Insider Trading Prevention" Internal Control System in the Company 3. Revision of Certain Articles in the "Board Meeting Rules" and the Internal Control System for "Management of Board Meeting Operations" in the Company 4. Comprehensive Revision of the Internal Control System for "Information Security Inspection Controls" in the Company 5. Company's Audit Plan for the Year 2023 	<ol style="list-style-type: none"> 1. Noted 2. Submitted to the Board of Directors after review
2023.3.17	<ol style="list-style-type: none"> 1. Report on the Execution of Internal Audit Operations in the Company 2. Company's Internal Control System Statement for the Year 2022 	<ol style="list-style-type: none"> 1. Noted 2. Submitted to the Board of Directors after review
2023.5.10	<ol style="list-style-type: none"> 1. Report on the execution of the company's audit operations. 	<ol style="list-style-type: none"> 1. Noted

b Communication between the accountants and the independent directors is as follows: :

1. In addition to inviting the accountants to attend the Audit Committee meetings to discuss agenda items, the Audit Committee of the company also holds regular communication meetings between the accountants and the governance unit. If the independent directors have any questions or concerns regarding the company's finances, operations, or other matters, they may communicate with the company's accountants at any time and provide guidance to relevant units for review and improvement.

2. Recent major communication situations are as follows: :

Date	communication matters
2022.3.24	Communication with the governance unit regarding the 2021 financial statements.
2022.5.11	Communication with the governance unit regarding the 2022 Q1 financial statements.
2022.8.9	Communication with the governance unit regarding the 2022 Q2 financial statements.
2022.11.9	Communication with the governance unit regarding the 2022 Q3 financial statements.
2022.3.17	Communication with the governance unit regarding the 2022 financial statements.
2022.5.10	Communication with the governance unit regarding the 2023 Q1 financial statements.

4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		Our company has established appropriate corporate governance practices in accordance with the Guidelines for Corporate Governance Practices for Listed and OTC Companies. These practices have been disclosed on the Public Information Observation System (PIOS).	There have been no differences
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		1. Our company has appointed a spokesperson and a deputy spokesperson in accordance with the "Guidelines for Corporate Governance Practices." Their contact information is disclosed on the Public Information Observation System (PIOS) and in the annual report. They are responsible for handling shareholder suggestions or disputes.	1. There have been no differences
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		2. Our company entrusts the day-to-day shareholder affairs to a share transfer agent, who is able to fully grasp the list of major shareholders and the ultimate controllers of these major shareholders. This information is detailed and disclosed in the annual report.	2. There have been no differences
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		3. Our company conducts business transactions with related parties in accordance with the "Regulations Governing the Transactions of Group Companies, Specific Companies, Related Parties, and Related Enterprises" and the internal control system for "Management of Related Party Transactions." We have established risk management mechanisms and firewalls to ensure proper control over these transactions.	3. There have been no differences
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		4. Our company has established internal control systems, namely the "Internal Procedures for Handling Material Nonpublic Information" and the "Prevention of Insider Trading" policies. These policies prohibit insiders from trading securities based on undisclosed material information and from disclosing such information to others for insider	4. There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			trading purposes.	
3. Composition and Responsibilities of the Board of Directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		1. Our company has established corporate governance practices and has announced them on the Public Information Observation System. We strive for diversity in the composition of our board of directors. Currently, our board members come from various backgrounds, including industry and academia, and possess a range of expertise such as industry knowledge, financial and accounting literacy, and management skills. This diverse composition allows them to fulfill their duties as directors effectively. Furthermore, our board of directors consists of seven members, including one female director, promoting gender diversity within the board.	1. There have been no differences
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	2. Currently, our company has established the Audit Committee and the Compensation Committee. However, there is no immediate need for other functional committees in our operations. We will assess the need for such committees based on future requirements and establish them accordingly.	2. As abstract explanation.
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually, and report the results of performance evaluation to the board of directors, and apply to individual directors' remuneration and nomination renewal reference?	V		3. Our company has already passed a resolution by the board of directors to establish a director performance evaluation method. The performance evaluation was completed before the first quarter of the 2023 fiscal year, and the evaluation results were submitted to the board of directors on March 17th of the same year. These results were used as a reference for individual director's compensation and nomination for reappointment.	3. There have been no differences
(4) Does the Company regularly evaluate the independence of CPAs?	V		4. On March 17th of the 112th fiscal year, our company conducted an evaluation and appointment process to assess the independence and suitability of the signing certified public accountants (CPAs) by both the Audit Committee and the Board of Directors. Following the evaluation, the appointment of the signing CPA was approved.	4. There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
4. Does the Company designate a full-time (part-time) unit or personnel to take charge of the Company’s governance businesses (including but not limited to providing required data to the directors and supervisors, performing related events of the Board and the shareholder meetings by law, conduct the Company’s registration and the amendment of the registration)?	V		<p>On March 17th of the 112th fiscal year, the board of directors of our company passed a resolution to establish a corporate governance officer. The main responsibilities of this role include:</p> <ol style="list-style-type: none"> 1. Handling matters related to board of directors and shareholders' meetings in accordance with the law. 2. Preparing minutes of board of directors and shareholders' meetings. 3. Assisting directors and supervisors in their appointment and continuous professional development. 4. Providing necessary information to support the execution of duties by directors and supervisors. 5. Assisting directors and supervisors in compliance with relevant laws and regulations. 6. Reporting to the board of directors on the examination results of the eligibility of independent directors during nomination, appointment, and their term of office, in accordance with applicable laws and regulations. 7. Managing matters related to changes in the board of directors. 8. Other matters as specified in the company's articles of incorporation or contracts. <p>The corporate governance officer will be responsible for overseeing and implementing the company's governance operations in accordance with these responsibilities.</p>	There have been no differences
5. Does the Company setup communication channels between the investors (including but not limited to the shareholders, employees and suppliers), establish the Investor Relation area on the Company’s website and respond to the issues of corporate social responsibilities concerned by the investors?	V		<p>Stakeholders are encouraged to communicate their opinions to the management team or the board of directors through letters or phone calls.</p> <p>The company website also features a dedicated section for stakeholders where they can find relevant information and resources.</p>	There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		Our company's shareholder meeting affairs are handled by the Shareholder Services Department of KGI Securities.	There have been no differences
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		1. Our company's website has already disclosed relevant information regarding finance, operations, and corporate governance.	1. There have been no differences
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		2. Our company has designated dedicated personnel responsible for collecting and disclosing company information. We have also appointed a spokesperson and a deputy spokesperson in accordance with the regulations.	2. There have been no differences
(3) Is the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	3. Currently, our company complies with the legal requirements to publish and report financial statements and monthly operating results on schedule. In the future, we will assess the operating conditions and strive to provide early disclosure of quarterly financial reports and monthly operating results, depending on the operational situation. By doing so, we aim to enhance transparency and keep stakeholders informed in a timely manner.	3. As abstract explanation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>1. Employee Benefits and Employee Welfare: Our company places great importance on labor-management relations and treats employees with integrity. We safeguard employees' rights in accordance with the Labor Standards Act and regularly hold labor-management meetings to provide smooth communication channels for employees. Through a well-established education and training system, we empower employees to contribute their skills and abilities in their respective positions. Additionally, we have set up an Employee Welfare Committee in compliance with the law to manage various employee welfare programs.</p> <p>2. Investor Relations: In order to facilitate investors' understanding of our company's operations, we have established a spokesperson system. Additionally, we comply with relevant regulations to promptly disclose significant information such as financials, business updates, and insider shareholding changes through the "Public Information Observation System" . We also provide regular disclosures of financial, business, and corporate governance information to ensure transparency and keep investors well-informed about our company.</p> <p>3. Supplier Relations: Our company has always maintained a strong and mutually beneficial relationship with our suppliers. We prioritize effective communication and strive to foster a collaborative environment that promotes win-win outcomes for both parties. We believe in open and transparent communication with our suppliers, working together to achieve shared goals and mutual success.</p> <p>4. Rights of Stakeholders: Our company provides multiple channels for stakeholders to communicate and provide feedback. We value the input and perspectives of stakeholders and believe in maintaining a constructive dialogue to safeguard the legitimate rights and interests</p>	There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>of both parties. Stakeholders are encouraged to engage with us through various communication channels, allowing for effective collaboration and mutual understanding.</p> <p>5. The directors of our company possess relevant professional knowledge, and starting from the year 2022 (please note: please provide the correct year), they have been attending courses such as securities regulations and compliance in accordance with relevant laws and regulations. These courses are aimed at fulfilling the required continuing education hours as stipulated by regulations.</p> <p>6. Our company adheres to the principles outlined in our internal control system design for risk management. Each department conducts regular internal self-assessments to evaluate the risks involved. Subsequently, these assessments are reviewed and analyzed by our auditing personnel, who identify areas for improvement. This process allows us to proactively mitigate operational risks and continuously enhance our risk management practices.</p> <p>7. Our company maintains stable and strong relationships with our customers, and we uphold a customer-centric policy to prioritize their needs. By placing our customers at the forefront, we aim to create value for both our customers and the company. We strive to meet their expectations, deliver high-quality products or services, and ensure customer satisfaction, which in turn contributes to the profitability and success of our business.</p> <p>8. Our company has obtained directors and officers (D&O) liability insurance for our directors and key officers.</p>	
<p>9. The Company shall describe the improvements with reference to the corporate governance evaluation results issued by the CG Center of Taiwan Stock Exchange Corporation, and shall make available the prioritized enhanced measures for the matters that have not been improved:</p> <p>Our company was listed on June 1st, 2022, and as we were not included in the corporate governance evaluation for the year 2022, it does not apply to us.</p>				

Note 1: Director Continuing Education Situation:

Title	Name	Appointment Date	Initial Appointment Date	Study period		Sponsoring Organization	Course	Hours	Total
				Start Date	End Date				
Director	CHENG, CHU-MING	2020/12/10	2022/06/01	2022/11/24	2022/11/24	TCGA	Choice of Merger and Acquisition Methods and Tax Implications - With Shareholder Income Tax as the Core	3.0	12.0
				2022/10/28	2022/10/28	SFI	Promotion of Insider Trading Prevention in the Year 2022	3.0	
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have the following obligations and responsibilities	3.0	
Corporate Director representative	Eliza Chong	2020/12/10	2022/06/01	2022/11/24	2022/11/24	TCGA	Choosing the method of corporate mergers and acquisitions and its tax implications - focusing on shareholder income tax.	3.0	12.0
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/14	2022/10/14	SFI	Promotion of Insider Trading Prevention in the Year 2022	3.0	

				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have obligations and responsibilities	3.0	
Director	ROAN, YUNG-CHIH	2020/12/10	2022/06/01	2022/11/24	2022/11/24	TCGA	Choosing the method of corporate mergers and acquisitions and its tax implications - focusing on shareholder income tax.	3.0	12.0
				2022/10/28	2022/10/28	SFI	Promotion of Insider Trading Prevention in the Year 2022	3.0	
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have obligations and responsibilities	3.0	
Director	HSU, CHIH LU	2020/12/10	2022/06/01	2022/11/24	2022/11/24	TCGA	Choosing the method of corporate mergers and acquisitions and its tax implications - focusing on shareholder income tax.	3.0	14.0
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/14	2022/10/14	SFI	Promotion of Insider Trading Prevention in the Year 2022	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have obligations and responsibilities	3.0	
				2022/07/20	2022/07/20	TWSE&TPEX	Sustainability Development Roadmap Industry Theme Promotion Conference	2.0	

Independent director	WANG, PAO-CHANG	2020/12/10	2022/06/01	2023/04/13	2023/04/13	Taiwan institute of Directors	Translation: 2023 Anhou Leadership Academy Forum - Opportunities and Challenges in the Net Zero Wave	3.0	3.0
				2022/11/24	2022/11/24	TCGA	Choosing the method of corporate mergers and acquisitions and its tax implications - focusing on shareholder income tax	3.0	17.0
				2022/10/19	2022/10/19	SFI	Promotion of Insider Trading Prevention in the Year 2022	3.0	
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have obligations and responsibilities	3.0	
				2022/07/13	2022/07/13	TWSE&TPEX	Sustainability Development Roadmap Industry Theme Promotion Conference	2.0	
				2022/03/09	2022/03/09	Taiwan institute of Directors	Leadership Academy Forum: Restarting in the New Reality - Envisioning the Digital New Taiwan	3.0	
Independent director	CHIU, CHIN-TAIN	2021/07/02	2022/06/01	2023/04/13	2023/04/13	Taiwan institute of Directors	Translation: 2023 Anhou Leadership Academy Forum - Opportunities and Challenges in the Net Zero Wave	3.0	3.0
				2022/11/24	2022/11/24	TCGA	Choosing the method of corporate mergers and acquisitions and its tax implications - focusing on shareholder income tax.	3.0	20.0

				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/06	2022/10/06	TWSE&TPEX	Release of the 2022 Reference Guidelines for Independent Directors and Audit Committees and the Directors and Supervisors Promotion Seminar	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have obligations and responsibilities	3.0	
				2022/08/19	2022/08/19	TCGA	Analysis of cases involving disputes over corporate management rights	3.0	
				2022/07/26	2022/07/26	TCGA	Unveiling the Mysterious Veil of "Insider Trading"	3.0	
				2022/07/13	2022/07/13	TWSE&TPEX	Sustainability Roadmap Industry Theme Advocacy Conference	2.0	
Independent director	CHANG, MING-JYE	2020/12/10	2022/06/01	2022/11/24	2022/11/24	TCGA	Choosing Merger and Acquisition Methods and Their Tax Consequences - With a Focus on Shareholder Income Tax	3.0	17.0
				2022/10/19	2022/10/19	TCGA	Mergers and acquisitions (M&A) practices and case studies in business.	3.0	
				2022/10/04	2022/10/04	TCGA	Under the Securities and Exchange Act, companies and directors and supervisors have the following obligations and responsibilities	3.0	
				2022/09/29	2022/09/29	TWSE&TPEX&TCGA	2022 Independent Directors and Audit Committee Exercise of Duties Reference	3.0	

							Guidelines Release and Directors and Supervisors Promotion Conference		
				2022/07/07	2022/07/07	TWSE&TPEX	Translation: Sustainable Development Roadmap Industry Advocacy Conference	2.0	
				2022/03/09	2022/03/09	Taiwan institute of Directors	Leadership Academy Forum: Restarting in the New Reality - Envisioning the Digital New Taiwan	3.0	

4.4 Organization, responsibilities and operation status of the Remuneration Committee or Nomination committee

4.4.1. Information on members of the Remuneration Committee

Title & Name		Professional Qualifications	Independence Analysis	Concurrent member of Remuneration Committee position in other publicly traded companies
Independent director (Convenor)	WANG, PAO-CHANG	<u>Main experience (educational background)</u> MBA, National Taiwan University VP, KPMG CFO, Amazing Microelectronic Corp. <u>Current positions:</u> None <u>Expertise:</u> Experience in the finance, accounting, electronics, telecommunications, information technology, and business management industries. ° <u>Note :</u> <u>The various situations specified in Article 30 of the Company Law are not applicable.</u>	The remuneration committee of our company has not violated any provisions regarding independence in the "Regulations	-
Independent director	CHANG, MING-JYE	<u>Main experience (educational background)</u> Ph.D in Bussiness Administration, National Chengchi University. MBA, Sloan School of Management, MIT HSBC Senior Vice President/Head of Corporate Banking Division/Head of Taipei Branch <u>Current positions:</u> Independent Director, MiiS Independent Director, 3D GLOBAL BIOTECH INC. Supervisor, Sino-Indonesia Cultural and Economic Association Director, Chiu Shi-De Enterprise Co., Ltd. <u>Expertise:</u> Experience in the banking, electronics, telecommunications, information technology, biotechnology and healthcare, and business management industries. <u>Note :</u> <u>The various situations specified in Article 30 of the Company Law are not applicable.</u>	on the Establishment and Exercise of Functions of the Remuneration Committee for Companies Listed on the Stock Exchange or Engaging in Securities Business" in relation to the trading of company stock in the business premises of securities firms.	-
Independent director	CHIU, CHIN-TAIN	<u>Main experience (educational background)</u> Ph.D in Bussiness Administration, National Chengchi University.		1

		MBA, Sloan School of Management, MIT HSBC Senior Vice President/Head of Corporate Banking Division/Head of Taipei Branch Current <u>positions</u> : Independent Director, MiiS Independent Director, 3D GLOBAL BIOTECH INC. Supervisor, Sino-Indonesia Cultural and Economic Association Director, Chiu Shi-De Enterprise Co., Ltd. Expertise: <u>Expertise</u> : Experience in the banking, electronics, telecommunications, information technology, biotechnology and healthcare, and business management industries. <u>Note</u> : The various situations specified in Article 30 of the Company Law are not applicable.		
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Note: Please refer to Section (IV) "Board of Directors and Supervisors Information" for the tenure and related information of independent directors.

The responsibilities of the Compensation Committee

- (1) Periodically review this regulation and propose amendments.
- (2) Establish and regularly review the company's directors, supervisors and managers' performance evaluation standards, annual and long-term performance goals, and salary policies, systems, standards and structures, and disclose the content of the performance evaluation standards in the annual report.
- (3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of individual remuneration based on the evaluation results obtained from the performance evaluation standards. The annual report shall disclose the individual performance evaluation results of directors, supervisors, and managers, and the relevance and rationality of the content and amount of individual salaries and remuneration to the performance evaluation results, and shall be reported at the shareholders' meeting.

4.4.2 Operation status of the Remuneration Committee

- (1) The company's salary and compensation committee has 3 members.
- (2) The tenure of the current (1st) Compensation Committee is from December 29, 2020 to December 9, 2023. As of the date of the publication of the annual report for the year 2022, the Compensation Committee has held 6 meetings. The attendance record of the committee members is as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Member	CHANG, MING-JYE	6	0	100%	None
Member	WANG, PAO- CHANG	6	0	100%	None
Member	CHIU, CHIN- TAIN	6	0	100%	Appointed on March 25, 2021

Other matters to be recorded:

1. If the board of directors does not adopt or amend the suggestion of the salary and compensation committee, it shall state the date, period, content of the proposal, the result of the resolution of the board of directors, and the company's handling of the opinions of the salary and compensation committee (such as the salary approved by the board of directors is better than that of the salary and compensation committee). Suggestions should describe the differences and reasons): No such case.
2. For the resolutions of the salary and compensation committee, if members have objections or reservations and there are records or written statements, the date, period, content of the proposal, all members' opinions and the handling of members' opinions should be stated:

4.5 The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation Item	Implementation Status			Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, authorized by the board of directors to handle senior management, and subject to board supervision?		V	Currently, the company does not have a dedicated position for promoting sustainable development. In the future, the company will consider promoting sustainable development activities based on the circumstances and will report on the progress to the board of directors as necessary.	As abstract explanation
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The company has established sustainability practices guidelines. The management team assesses current operations in terms of public health and environmental factors, industry trends, and corporate governance issues. After evaluating the relevant risks, appropriate operational adjustments are made.	There have been no differences
3. Environmental issues				
(1) Has the company established a suitable environment management system by nature of the industry?	V		1. The company, as a medical device manufacturer, undergoes regular Good Manufacturing Practice (GMP) inspections and successfully passes the inspections.	There have been no differences
(2) Has the company made effort to enhance the efficient use of all resources and used regenerated materials to mitigate the impact on the environment?	V		2. The company encourages the reuse of waste paper, resource recycling, and waste sorting to maximize the efficient utilization of resources.	There have been no differences
(3) Does the company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues?	V		3. The company continues to address the issue of climate change by practicing energy-saving measures such as turning off lights when not in use, conserving energy, and strengthening resource recycling. These efforts aim to reduce the company's impact on the natural environment and human beings.	There have been no differences
(4) Does the company count greenhouse gas emissions, water consumption, and total weight of waste over the last two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption			4. The company has developed a greenhouse gas inventory and verification schedule in accordance with the	There have been no differences

Evaluation Item	Implementation Status			Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																				
	Yes	No	Abstract Explanation																					
reduction, or other waste management?			<p>"Sustainable Development Roadmap for Listed Companies." This schedule has been approved by the board of directors. The company will make the necessary announcements within the legal deadline. Furthermore, in response to the energy-saving and carbon reduction strategy, the company has implemented various measures to promote electricity and water conservation, recycling of recyclable materials, and zoning control of air conditioning and lighting. These measures are regularly promoted and monitored to ensure the efficient utilization of resources and contribute to environmental protection. Waste management follows the relevant regulations of the Hsinchu Science Park, including permit application and regular reporting of related information.</p> <p>The company has been tracking and managing water consumption and waste generation data for the past two years, and the information is as follows:</p> <table><tr><td>water consumption</td><td>2021</td><td>2022</td><td>Units</td></tr><tr><td>Factory 4</td><td>1,684</td><td>2,367</td><td>M³</td></tr><tr><td>Factory 4-2</td><td>606</td><td>435</td><td>M³</td></tr><tr><td>waste</td><td>2021</td><td>2022</td><td>Units</td></tr><tr><td>Factory 4 (general waste)</td><td>0.21</td><td>0.23</td><td>Ton</td></tr></table>	water consumption	2021	2022	Units	Factory 4	1,684	2,367	M³	Factory 4-2	606	435	M³	waste	2021	2022	Units	Factory 4 (general waste)	0.21	0.23	Ton	
water consumption	2021	2022	Units																					
Factory 4	1,684	2,367	M³																					
Factory 4-2	606	435	M³																					
waste	2021	2022	Units																					
Factory 4 (general waste)	0.21	0.23	Ton																					

Evaluation Item	Implementation Status					Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation			
			Factory 4-2 (industrial waste)	0.000034 (2021.10~2021.12)	0.001731 Ton	
4. Social issues						
(1) Has the company established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	V		1. The company complies with labor laws, gender equality laws, and other relevant regulations. It has established human resources policies and related management measures to safeguard the legal rights and interests of employees. The company considers every employee as its most valuable asset and does not discriminate against employees based on race, religion, gender, marital status, or political stance. 2. The company implements various salary and benefit measures for employees in accordance with the Labor Standards Act and related laws. Market salary levels and macroeconomic indicators are taken into account, based on employees' professional value and job responsibilities, combined with performance as the basis for starting salaries, salary adjustments, promotions, job assignments, and training and development, aiming to achieve motivational effects. Annual profit sharing is determined by the management based on operational performance, taking into consideration individual employees' job responsibilities, contributions, and performance			There have been no differences
(2) Has the company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	V					There have been no differences
(3) Has the company provided a safe and health work environment for the employees, and provided education on labor safety and health regularly?	V					
(4) Has the company established the training program for the effective planning of career development for the employees?	V					
(5) Regarding customer health and safety, customer privacy, of products and services, does the company comply with relevant regulations and international standards, and formulate relevant	V					

Evaluation Item	Implementation Status			Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>consumer or customer protection policies and appeal procedures?</p> <p>(6) Has the company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health, or labor rights, and their implementation?</p>	V		<p>evaluations, to determine the amount distributed to each individual.</p> <p>Additionally, the company has established a welfare committee in compliance with the law, providing holiday bonuses, meal subsidies, and organizing employee trips on an irregular basis.</p> <p>3. The company provides annual health check-ups for employees and regularly conducts fire inspections. Regular fire safety and environmental training are also provided to employees. Additionally, the company arranges for doctors and nurses to provide health consultations and activities for employees in accordance with occupational safety regulations, taking care of their physical and mental well-being.</p> <p>4. The company currently conducts training activities in accordance with legal regulations, departmental training needs, and individual employee requirements. These training programs aim to establish effective career development and enhance employees' skills and capabilities.</p> <p>5. The company has purchased product liability insurance to ensure the protection of consumer or customer rights. In accordance with medical regulations, the company handles any issues related to consumer or customer rights. The company maintains communication channels with its customers through its business outlets or service windows.</p>	<p>There have been no differences</p> <p>There have been no differences</p> <p>There have been no differences</p>

Evaluation Item	Implementation Status			Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			6. The company evaluates its suppliers based on the "Supplier Evaluation Procedure" established by the company.	There have been no differences
5. Does the company refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, promotion of sustainable development reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?		V	The company has not yet prepared a sustainability report. In the future, the preparation and disclosure of a sustainability report will be considered based on the company's needs.	As abstract explanation
6. If the company has its “Promotion Of Sustainable Development Principle” formulated in accordance with the “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” please describe the difference between its operation and the established principles: The company has established sustainable development guidelines and generally operates in accordance with the "Guidelines for Sustainable Development Practices of Listed and OTC Companies." In the future, the company will assess the actual needs and consider the preparation of a sustainability report or the establishment of relevant systems.				
7. Other information critical to the understanding of our bank’s promotion of sustainable development and how it is put into practice: All employees of the company, regardless of race, gender, or age, have equal rights in the workplace. The company also provides opportunities for individual expression and personal development.				

4.6 The Bank’s ethical corporate management performance and its difference from the “Ethical Corporate Management Best-Practices Principles for TWSE/GTSM Listed Companies” and the root causes

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs				
(1) Has the company formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?	V		1. The company has established a Code of Ethics, which has been approved by the Board of Directors. The principles of integrity and ethical conduct are integrated into the company's daily operations and business practices.	There have been no differences
(2) Has the company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?”	V		2. The company has established provisions in the Code of Ethics to prevent dishonest behaviors. It has also developed operating procedures and guidelines for ethical conduct, which are publicly available on the Public Information Observation System. Relevant personnel are required to adhere to the code and engage in ethical behavior according to the prescribed guidelines.	There have been no differences
(3) Does the Company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies , and regularly	V		3. The company has established relevant provisions in the Code of Ethics to prevent dishonest behavior. It has also developed operating procedures and behavioral guidelines for ethical conduct.	There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
review and revise?				
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		1. The company adheres to the principles of integrity in its operations. Company personnel are required to avoid engaging in business transactions with agents, suppliers, customers, or other business counterparts involved in dishonest practices. If any such dishonest behavior is discovered in business dealings or partnerships, immediate action should be taken to cease business transactions and designate them as prohibited parties, in accordance with the company's policy of conducting business with integrity.	There have been no differences
(2) Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board on its integrity management policies and plans to prevent dishonesty and supervision and implementation?	V		2. The establishment and enforcement of the company's corporate integrity management system are spearheaded by the Audit Department. Additionally, during regular audits, the audit team examines relevant matters. In the event of any identified deficiencies or irregularities, a report will be submitted to the Board of Directors for further action.	There have been no differences
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		3. The company has established a policy to prevent conflicts of interest in its operational procedures and code of conduct. Both the Board of Directors and internal employees operate in accordance with this policy. The company provides dedicated channels such as a designated email address or	There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit formulates the relevant audit plan based on the assessment results of the risk of dishonesty, and checks the compliance with the plan to prevent dishonesty, Or entrust an accountant to perform the audit?	V		contact form on its website for employees and stakeholders to lodge complaints or report concerns. 4. The company complies with relevant regulations such as the Company Act, Securities and Exchange Act, and Commercial Accounting Act, as well as other applicable laws governing business conduct. Based on these regulations, the company has established an effective accounting system and incorporates related control points into its internal control system. Audit personnel regularly review compliance with these systems and prepare reports to be submitted to the Board of Directors.	There have been no differences
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		5. The company conducts ethics and integrity training for new employees, which is carried out by the Human Resources department. Senior executives, on the other hand, promote the principles of ethics and integrity through various meetings and gatherings.	There have been no differences
3. Operation of the integrity channel				
(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The company has established the "Code of Conduct and Ethics Operation Procedures" and implemented a whistleblowing mechanism to facilitate reporting. Appropriate units are assigned to handle reported cases, and measures are taken to protect employees who raise concerns or file reports.	There have been no differences
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	V			
(3) Does the Company provide proper whistleblower protection ?	V			

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>4. Strengthening information disclosure</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</p>	V		The company has disclosed the Code of Conduct and other relevant corporate governance information on the Public Information Observation Platform.	There have been no differences
<p>5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation :</p> <p>No significant differences have been identified.</p>				
<p>6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies)</p> <p>Confidentiality Commitment: All employees of our company are required to sign an employment and confidentiality agreement upon joining the company. The agreement includes provisions such as compliance with company rules and policies, the obligation to maintain confidentiality, and adherence to regulations regarding patents and copyrights.</p>				

4.7 Corporate Governance Guidelines and Regulations :

The company has established the following regulations: "Corporate Governance Practices," "Code of Ethics," "Audit Committee Charter," "Integrity Operating Principles," "Compensation Committee Charter," "Sustainable Development Practices," and "Operating Procedures and Code of Conduct for Integrity." These regulations have been disclosed on the company's website and the "Public Information Observation System" (公開資訊觀測站). The specific website paths are as follows:

MOPS : <https://mops.twse.com.tw/> "Corporate Governance Section

Company Website : <http://miis.com.tw/> Sustainable Development/ Corporate Governance/ Important Organizational Regulations

4.8 Other Important Information Regarding Corporate Governance

Please refer to the company governance section on the Public Information Observation System website at <https://mops.twse.com.tw/> for more information.

4.9 Status of Implementation of Internal Control System

4.9.1 Statement of internal control system : Please refer to Appendix 1.

4.9.2 If the Company is requested by the SEC to retain CPA's service for examining internal control system, the Independent Auditor's Report must be disclosed: None.

4.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

4.11 Resolutions reached in the Shareholders' Meeting or by the board of directors in the most recent years and up to the date of the annual report printed

4.11.1 Resolutions reached in the 2022 Shareholders' Meeting

Nature	Date	Important Resolutions	Execution situation
General meeting of shareholders	2022.6.17	1. The business report and financial statement for the 110th year of the Republic of China. 2. Proposal on the distribution of surplus in the 110th year of the Republic of China. 3. Amend the text of some articles of the company's "Articles of Association". 4. Amended some articles of the company's "Procedures for Acquisition or Disposal of Assets". 5. Revise some texts of the company's "Rules of Procedure for Shareholders' Meetings".	1. It has been approved by the general meeting of shareholders in accordance with regulations. 2. It has been recognized by the shareholders' general meeting in accordance with the regulations, and the cash dividend was distributed on July 27, 2011. 3. The change registration of Zhushangzi No. 1110020160 was completed on July 1, 2011. 4. The public information observation station has been uploaded. 5. It has been passed by the resolution of the shareholders' general meeting in accordance with the regulations.

4.11.2 Resolutions reached by the board of directors

The company held a total of 8 board meetings during the year 111 and up to the date of the annual report. The following are selected excerpts of important resolutions made during these meetings

Date	Important Resolutions
2022.1.21	<ol style="list-style-type: none"> 1. The evaluation and appointment of the company's certification accountants for their independence and suitability. 2. The case of purchasing real estate for factories and offices and obtaining land use rights. 3. The company's 110-year manager year-end and performance bonus distribution case. 4. The company intends to sign a technology authorization contract with Yangming Jiaotong University.
2022.3.24	<ol style="list-style-type: none"> 1. The company's remuneration distribution plan for employees and directors in 2011. 2. The company's business report and financial statements for the 110th year of the Republic of China. 3. The company's profit distribution plan for the 110th year of the Republic of China. 4. The company's manager's salary adjustment case. 5. Amended some articles of the company's "Procedures for Acquisition or Disposal of Assets". 6. Revise the text of some articles of the company's "Articles of Association". 7. The company's 110-year "Statement of Internal Control System" case. 8. In order to cooperate with the public underwriting before the listing of the company's stock, it is planned to handle the case of cash capital increase and issuance of new shares. 9. Submit the company's stock subscription standards for cash capital increase and issuance of new shares before the company's initial listing. 10. Credit granting cases for financial institutions. 11. Revise some texts of the company's "Rules of Procedure for Shareholders' Meetings". 12. Revise some texts of the company's "Code of Practice on Corporate Governance". 13. Amend some provisions of the company's "Code of Practice for Corporate Social Responsibility" and change its name to "Code of Practice for Sustainable Development". 14. Determine the date, location, reason for the convening of the company's 111th annual general meeting of shareholders, and the period for accepting shareholders' proposals and related matters.
2022.5.11	<ol style="list-style-type: none"> 1. The company's consolidated financial report for the first quarter of 2011. 2. Submit the list of employee subscriptions for new shares issued by cash capital increase before the company's initial listing. 3. Formulate the company's "procedures for application for suspension and resumption of trading operations". 4. Formulate the company's "standard operating procedures for handling directors' requests". 5. Proposal for adjusting the approval authority of the audit report. 6. Credit applications from financial institutions.
2022.8.9	<ol style="list-style-type: none"> 1. The company's consolidated financial report for the second quarter of 2011. 2. Determine the capital increase base date for the company's employee stock option certificates to be converted into new shares.

Date	Important Resolutions
	<p>3. In the second quarter of 1111, if the company's accounts receivable have not been collected within 3 months of the normal credit period and the amount is significant, it is proposed to submit to the board of directors for resolution that it is not a capital loan case.</p> <p>4. The case of purchasing real estate for factories and offices and obtaining land use rights.</p> <p>5. According to the "Sustainable Development Roadmap for Listed Companies" plan, draw up the company's greenhouse gas inventory and verification schedule.</p>
2022.11.9	<p>1. The company's consolidated financial report for the third quarter of 2011.</p> <p>2. The company's business plan for the 112th year of the Republic of China.</p> <p>3. Revised and finalized the company's "internal material information processing procedures" and "management to prevent insider trading" internal control system.</p> <p>4. Revise some articles of the company's "Board of Directors' Procedures Regulations" and the "Management of Board of Directors' Procedures Operation" internal control system.</p> <p>5. Comprehensive revision of the company's "Information Security Inspection Control" internal control system proposal.</p> <p>6. The company's audit plan for the 112nd year of the Republic of China.</p> <p>7. The company intends to sign a technology and patent authorization contract with Company E.</p> <p>8. Formulate the company's 111 year employee stock option certificate issuance and share subscription methods.</p>
2023.1.13	<p>1. The company's 111 year-end and performance bonus distribution case for managers.</p> <p>2. Financial institution credit case.</p>
2023.3.17	<p>1. The company's remuneration distribution plan for employees and directors in 2011.</p> <p>2. The company's business report and financial statements for the 111 year of the Republic of China.</p> <p>3. The company's profit distribution plan for the 111th year of the Republic of China.</p> <p>4. The company's 112-year certification accountant appointment and remuneration case.</p> <p>5. The company's 111-year "Statement of Internal Control System" case.</p> <p>6. Determine the capital increase base date for the company's employee stock option certificates to be converted into new shares.</p> <p>7. Appointment of the head of corporate governance.</p> <p>8. The company's manager's salary adjustment case.</p> <p>9. According to the plan of "Sustainable Development Roadmap for Listed Overseas Companies", draw up the schedule for greenhouse gas inventory and verification of Dongguan Jinhong Medical Equipment Co., Ltd., a mainland subsidiary.</p> <p>10. Establishment of a subsidiary company.</p> <p>11. Amendments to the company's "Code of Practice for Corporate Governance" and "Code of Practice for Sustainable Development".</p> <p>12. Comprehensive re-election of seven directors (including three independent directors) of the company.</p> <p>13. Nomination of candidates for directors and independent directors of the company and review of independence.</p>

Date	Important Resolutions
	<p>14. The case of lifting the restrictions on non-competition for newly appointed directors (including independent directors).</p> <p>15. Determine the date, venue, reason for the convening of the company's 112th annual general meeting of shareholders, the period for accepting shareholders' proposals/nominations, and related matters related to the location.</p>
2023.5.10	<p>1. Appointment case of the accounting supervisor of the company.</p> <p>2. The company's consolidated financial report for the first quarter of 2012.</p> <p>3. Formulate the pre-approval method for the company's certified accountants to provide non-confirmation services.</p> <p>4. Credit application of financial institutions.</p>

4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit ,corporate governance officer and R&D

2023/5/10

Title	Name	Date Of Employment	Date Of Termination	Reason For Resignation Or Termination
Accounting Supervisor	FAN, CHING YI	107.5.24	112.3.17	Resign

5. Disclosure of CPA's Remuneration

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total
PwC	Li, Tien-Yi, Chien-Yu Liu	2022/1/1~2022/12/31	1, 800	280	2, 080
Remark	Non-auditing public expenses include 200,000 yuan for business tax inspection visa, 20,000 yuan for salary information inspection of full-time employees who are not in supervisory positions in the review year, and 60,000 yuan for other information reading and consideration.				

5.1 In case the auditing fee paid in the year retaining service from another CPA Firm is less than the auditing fee paid in the year before, the amount of auditing fee before / after the change of CPA Firm and the reasons for the said change must be disclosed: None.

5.2 In case the auditing fee paid in the year retaining service from another CPA Firm is over 10% less than the auditing fee paid in the year before, the amount and ratio of auditing fee reduced and the reasons for the said change must be disclosed: None.

6. Alternation of CPA

6.1 Regarding the former CPA

Change of Date	2023/3/17		
Reasons for Change and Explanation	The main reason for the change in the company's accountant since the year 2023 of the Republic of China is to accommodate internal staffing adjustments within the accounting firm.		
Indicates that the appointing person or accountant has terminated or refused to accept the appointment	Party	CPA	Appointed person
	Condition		
	Voluntary termination of appointment	Not applicable	Not applicable
	Not accepting (continuing) appointment	Not applicable	Not applicable
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	Not applicable		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of financial reports

		Check scope or steps
		Other
	No	✓
	Explanation	None
Other disclosed matters (those that should be disclosed from Item 4 to Item 7 of Paragraph 6 of Article 10 of this Code)	None	

6.2 About the successor CPA

Firm name	PwC
Name	Chiang, Tsai-yen, Chien-Yu Liu
Date of appointment	2023/3/17
Consultation matters and results of accounting treatment methods or accounting principles for specific transactions and possible issuance of financial reports before appointment	Not applicable
Written opinion of the successor accountant on matters with different opinions from the predecessor accountant	Not applicable

6.3 Reply letter from the former accountant to items 1 and 3 of item 6 of Article 10 of this standard: Not applicable.

7. The Company's Chairman, President, or any Managerial Officer in charge of Finance or Accounting Matters has in the most recent year held a position at the Accounting Firm of its CPA or at an Affiliated Enterprise: None.

8. Transfer and Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Holders of 10% or More of Company share

8.1 Any change in shareholding and net change in shares pledged by directors, supervisors, department heads and shareholders of 10% shareholding or more

Unit: Shares

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman&CEO	CHENG, CHU-MING	(35,000)	0	0	0
Director&Major Shareholder	Welch Allyn, Inc.	0	0	0	0
Director&VP	HSU, CHIH LU	12,000	0	(149,469)	0
Director&	ROAN, YUNG-CHIH	0	0	0	0
Independent director	CHANG, MING-JYE	0	0	0	0
Independent director	WANG, PAO-CHANG	0	0	0	0
Independent director	CHIU, CHIN-TAIN	0	0	0	0
Major Shareholder	Aier (Hongkong)	0	0	0	0
CTO	GUO,JHE-RONG	0	0	0	0
Executive VP	LEE, YU-TSUNG	0	0	(100,000)	0
Executive VP	CHEN, CHIN-YI	(3,000)	0	(27,000)	0
VP	KANG, CHI-YUAN	(86,000)	0	0	0
VP	KO, HUI-YU	20,000	0	0	0
VP	LIAO, LONG-SHENG (Note1)	-	-	-	-
Accounting manager	FAN, CHING YI (Note2)	5,000	0	6,000	-
Accounting manager	HUANG, SHIH TING (Note3)	0	0	0	0

Note1 : Resigned on July 5, 2022

Note2 : Resigned on March 17, 2023

Note3 : Newly appointed on May 10, 2023

8.2 Information of shares transferred

Name	Reason	Trade date	Relative	The relationship between the transaction counterparty and the company, directors, supervisors, managers, and shareholders with more than 10% of the shares	Shares	Price
HSU, CHIH LU	Donate	2023. 4. 7	Liao, Yu hui	spouse	129, 469	–
			Hsu, Jun ru	child	20, 000	–

8.3 Information of equity pledged: None.

9. Information on Relationships Among the Top Ten shareholders

As of April 17, 2023; Unit: Shares %

Name (註 1)	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 (註 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHENG, CHU-MING	5,569,659	16.76%	333,433	1%	-	-%	-	-	
Welch Allyn, Inc.	4,977,908	14.98%	-	-%	-	-%	-	-	
Welch Allyn, Inc. Eliza Chong	0	0%	0	0%	0	0%	-	-	
Aier(Hongkong)	2,085,893	6.28%	-	-%	-	-%	-	-	
GUO, JHE-RONG	1,082,172	3.26%	0	0%	0	0%	-	-	
Chuang, Ai-Ling	794,597	2.39%	0	0%	0	0%	-	-	
Control Optics Taiwan Inc.	775,000	2.33%	-	-%	-	-%	-	-	
Liao, Yu hui	487,889	1.47%	448,408	1.35%	-	-%	HSU, CHIH LU	spouse	
LEE, YU-TSUNG	476,640	1.43%	0	0%	0	0%	-	-	
ROAN, YUNG-CHIH	468,483	1.41%	253,290	0.76%	0	0%	-	-	
HSU, CHIH LU	448,408	1.35%	487,889	1.47%	-	-%	Liao, Yu hui	spouse	

10. Investment from Directors, Supervisors, Managers, and directly or indirectly Controlled Business

As of April 30, 2023, Unit: Share; %

Ownership of Shares in Affiliated Enterprise	Ownership by MiiS		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Shares	%	Shares	%	Shares	%
Medview Investments Limited.	1,100,000	100%	-	-	1,100,000	100%
Medimaging Integrated Solution Inc.(Dongguan)	Note	100%	-	-	-	100%

Note:It is in the form of a "limited company", so there are no shares.

IV. CAPITAL OVERVIEW

1. Company Capital and Shares

1.1 Source of Capital

1.1.1 Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010.08	10	1,000,000	10,000,000	100,000	1,000,000	Establishment of Capital 1,000,000	None	Note 1
2010.11	10	1,000,000	10,000,000	800,000	8,000,000	Cash Capital Increase 7,000,000	None	Note 2
2011.05	10	7,000,000	70,000,000	2,200,000	22,000,000	Cash Capital Increase 14,000,000	None	Note 3
2012.02	18	7,000,000	70,000,000	4,100,000	41,000,000	Cash Capital Increase 19,000,000	None	Note 4
2013.06	10	7,000,000	70,000,000	6,000,000	60,000,000	Cash Capital Increase 19,000,000	None	Note 5
2014.02	10	7,000,000	70,000,000	6,156,000	61,560,000	Stock Options 1,560,000	None	Note 6
2014.05	10	10,000,000	100,000,000	7,581,920	75,819,200	Retained Earnings to Increase Capital 14,259,200	None	Note 7
2014.07	10	10,000,000	100,000,000	8,581,920	85,819,200	Stock Options 10,000,000	None	Note 8
2014.08	18.83	20,000,000	200,000,000	10,732,920	107,329,200	Cash Capital Increase 21,510,000	None	Note 9
2015.05	10	20,000,000	200,000,000	10,975,420	109,754,200	Stock Options 2,425,000	None	Note 10
2015.06	10	20,000,000	200,000,000	14,048,537	140,485,370	Retained Earnings to Increase Capital 30,731,170	None	Note 11
2016.02	10	20,000,000	200,000,000	14,291,287	142,912,870	Stock Options 2,427,500	None	Note 12
2016.09	29	20,000,000	200,000,000	17,291,287	172,912,870	Cash Capital Increase 30,000,000	None	Note 13

2016.11	10	20,000,000	200,000,000	19,506,436	195,064,360	Retained Earnings to Increase Capital 22,151,490	None	Note 14
2017.01	10	50,000,000	500,000,000	20,025,686	200,256,860	Stock Options 5,192,500	None	Note 15
2017.09	10	50,000,000	500,000,000	20,168,186	201,681,860	Stock Options 1,425,000	None	Note 16
2018.05	10	50,000,000	500,000,000	20,424,186	204,241,860	Stock Options 960,000	None	Note 17
						Employee Compensation Capitalization 1,600,000		
2018.08	10	50,000,000	500,000,000	22,045,321	220,453,210	Retained Earnings to Increase Capital 16,211,350	None	Note 18
2019.01	10	50,000,000	500,000,000	22,232,821	222,328,210	Stock Options 1,875,000	None	Note 19
2019.04	10	50,000,000	500,000,000	22,352,821	223,528,210	Stock Options 1,200,000	None	Note 20
2020.05	10	50,000,000	500,000,000	22,453,821	224,538,210	Stock Options 1,010,000	None	Note 21
2021.01	10	50,000,000	500,000,000	22,512,821	225,128,210	Stock Options 590,000	None	Note 22
2021.08	10	50,000,000	500,000,000	24,764,103	247,641,030	Capital Surplus to Increase Capital 22,512,820	None	Note 23
2021.08	10	50,000,000	500,000,000	28,366,155	283,661,550	Retained Earnings to Increase Capital 36,020,520	None	Note 23
2021.08	10	50,000,000	500,000,000	28,386,155	283,861,550	Stock Options 200,000	None	Note 23
2021.09	40	50,000,000	500,000,000	30,006,155	300,061,550	Cash Capital Increase 16,200,000	None	Note 24
2022.06	46	50,000,000	500,000,000	33,106,155	331,061,550	Cash Capital Increase 31,000,000	None	Note 25

2022.08	20	50,000,000	500,000,000	33,227,655	332,276,550	Stock Options 1,215,000	None	Note 26
2023.03	20	50,000,000	500,000,000	33,233,655	332,336,550	Stock Options 60,000	None	Note 27

Note1 : [2010.8.5# 0990022708](#)

Note2 : [2010.11.16#0990034045](#)

Note3 : [2011.5.11#1000013243](#)

Note4 : [2012.2.3#1010003339](#)

Note5 : [2013.6.7#1020016449](#)

Note6 : [2014.2.26#1030006088](#)

Note7 : [2014.5.14#1030013481](#)

Note8 : [2014.7.18#1030021052](#)

Note9 : [2014.8.14#1030023623](#)

Note10 : [2015.5.7#1040012251](#)

Note11 : [2015.6.24#1040017761](#)

Note12 : [2016.2.23#1050004468](#)

Note13 : [2016.9.26#1050026645](#)

Note14 : [2016.11.21#1050032235](#)

Note15 : [2017.1.19#1060002098](#)

Note16 : [2017.9.30#1060026610](#)

Note17 : [2018.5.30#1070015818](#)

Note18 : [2018.8.3#1070022582](#)

Note19 : [2019.1.10#1080001322](#)

Note20 : [2019.4.15#1080010155](#)

Note21 : [2020.5.25#1090014156](#)

Note22 : [2021.1.15#1100000724](#)

Note23 : [2021.8.23#1100023407](#)

Note24 : [2021.9.23#1100027586](#)

Note25 : [2022.6.15#1110018744](#)

Note26 : [2022.8.23#1110026893](#)

Note27 : [2023.3.28#1120009336](#)

1.1.2 Type of Stock

112 年 5 月 10 日；單位：股

Share Type	Authorized Capital			Remark
	Outstanding	U n - I s s u e d	T o t a l	
Common stock	33,233,655	16,766,345	50,000,000	Listed on TWSE

1.1.3 Shelf-registration system: None.

1.2 Composition of Shareholders

As of April 17, 2023

QTY	Status of Shareholders	Governme nt Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total

N u m b e r o f Shareholders	-	-	19	3,489	14	3,522
Shareholding (s h a r e s)	-	-	1,777,291	23,867,706	7,588,658	33,233,655
P e r c e n t a g e	-	-	5.35%	71.82%	22.83%	100.00%

Note : Mainland China's ownership percentage 6.95% 。

1.3 Distribution of Shareholding

1.3.1 Distribution of Common Stock

As of April 17,2023 Unit: shares

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~999	706	95,765	0.29%
1,000~5,000	2,339	4,221,195	12.70%
5,001~10,000	231	1,802,455	5.42%
10,001~15,000	76	966,536	2.91%
15,001~20,000	38	698,000	2.10%
20,001~30,000	45	1,133,004	3.41%
30,001~40,000	20	708,093	2.13%
40,001~50,000	10	454,666	1.37%
50,001~100,000	24	1,593,950	4.80%
100,001~200,000	13	1,600,250	4.82%
200,001~400,000	9	2,365,553	7.12%
400,001~600,000	5	2,308,959	6.95%
600,001~800,000	2	1,569,597	4.72%
800,001~1,000,000	-	-	-%
Over1,000,001	4	13,715,632	41.26%
Total	3522	33,233,655	100.00%

1.3.2 Distribution of Preferred Stock: Not Applicable.

1.4 Major Shareholders

As of April 17,2023 Unit: shares

Shareholder's Name	Shares	Percentage
CHENG, CHU-MING	5,569,659	16.76%
Welch Allyn, Inc.	4,977,908	14.98%
AIER (Hong Kong)	2,085,893	6.28%
GUO, JHE-RONG	1,082,172	3.26%
JHUANG, AI-LING	794,597	2.39%
CONTROL OPTICS TAIWAN INC.	775,000	2.33%
LIAO, YU-HUEI	487,889	1.47%
LEE, YU-TSUNG	476,640	1.43%
ROAN, YUNG-CHIH	468,483	1.41%
HSU, CHIH LU	448,408	1.35%

1.5 Market Price, Net Worth, Earnings, Dividends per Common Share

Unit: NT\$/Share

Item		2021	2022(Note1)	As of Mar 18, 2023
Market Price per Share	Highest Market Price	Not applicable	147	118.5
	Lowest Market Price		46.15	71
	Average Market Price		97.98	103.65
Net Worth per Share	Before Distribution	16.20	19.51	19.91
	After Distribution	14.43	17.71	-
EPS	Weighted Average Shares	28,850	31,897	33,229
	Earnings Per Share	2.30	2.20	0.39
Dividends per Share	Cash Dividends	1.77	1.80 (Note2)	-
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends		-	-
Return on Investment	Price / Earnings Ratio	Not applicable	38.92	-
	Price / Dividend Ratio		47.57	-
	Cash Dividend Yield Rate		2.10%	-

Note1 : listed on the stock exchange on June 1, 2022.

Note2 : No shareholder resolution has been passed yet.

1.6 Dividend Policy and Status

1.6.1 Dividend Policy under the Articles of Incorporation

According to the company's articles of incorporation, our dividend policy is aligned with current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and shareholder interests. Each year, we allocate no less than 10% of distributable profits for distribution to shareholders as dividends. However, if the accumulated distributable profits are lower than 10% of the paid-up capital, no dividends may be distributed. Dividends may be distributed in the form of cash or stock, with cash dividends not being less than 10% of the total dividend amount. The Board of Directors will prepare a dividend distribution proposal for approval by the shareholders' meeting.

1.6.2 Proposal to Distribute 2022 Profits

The company has decided, through a board resolution on March 17, 2023, to distribute dividends for the 111th fiscal year. The total amount of cash dividends to be distributed to shareholders is NT\$59,809,779 (dividend per share: NT\$1.8). The cash dividends will be calculated proportionally and rounded down to the nearest whole New Taiwan Dollar, with any fractions of less than one New Taiwan Dollar being omitted. Any remaining fractional amounts below one New Taiwan Dollar will be recorded as other income for the company.

1.6.3 If a material change in dividend policy is expected, provide an explanation: None.

1.7 Effect of 2022 Share Dividends to Operating Performance and EPS : Not applicable.

1.8 Employees' Compensation and Remuneration to Directors

1.8.1 Employees' Compensation and Remuneration to Directors as Stated in the Articles of Incorporation

If the company generates profits for the fiscal year, it should allocate between 10% and 25% of the profits as employee compensation. Additionally, a maximum of 3% of the profits should be allocated as remuneration for directors and supervisors. However, if the company has accumulated losses, an amount should be reserved in advance for offsetting those losses. Employee compensation can be provided in the form of stock or cash, and eligible recipients may include employees of subsidiary companies who meet certain conditions.

1.8.2 The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The provision for employee, director, and supervisor remuneration is estimated based on past experience and the potential payout amounts, taking into account the profitability of the company as stipulated in the company's articles of incorporation. When employee compensation is provided in the form of stock, the basis for calculating the number of shares is determined by evaluating the fair value using valuation techniques in accordance with International Financial Reporting Standards (IFRS) 2 "Share-based Payment." If there are significant changes in the payout amounts after the approval of the annual financial statements, the original provision for the year's expenses is adjusted. If there are further changes after the issuance of the annual financial statements, they are accounted for based on accounting estimates and adjusted in the subsequent year's financial statements.

1.8.3 Information on any approval by the board of directors of distribution of compensation

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed

On March 17, 2023, the Board of Directors of the company resolved to distribute employee remuneration in the form of cash, amounting to 9,766,678 New Taiwan Dollars, and director remuneration of 488,334 New Taiwan Dollars. These amounts are consistent with the estimated provisions for expenses recorded during the year.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation :
None.

1.8.4 The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated :

In the shareholders' general meeting held on June 17, 111, it was reported that the actual distribution of employee cash remuneration for the fiscal year 110 amounted to 9,040,112 New Taiwan Dollars, and director remuneration amounted to 452,006 New Taiwan Dollars. These amounts are consistent with the proposed distributions approved by the Board of Directors.

1.9 Repurchase of Company Shares : None.

2. Status of Corporate Bonds : None.

3. Status of Preferred Stocks : None.

4. Status of GDR/ADR : None.

5. Status of Employee Stock Option Plan

5.1 Handling status of employee stock options of the Company not yet matured up to the printing date of the annual report and effect on shareholders' equity

As of April 30, 2023

Type of employee stock options	First time of employee stock options in 2018	Second time of employee stock options in 2018
Declaration effective date and total number of units	2020.08.25	2020.08.25
Date of Issuance	2020.05.01	2020.07.27
Duration	2020.05.01 ~ 2027.04.30	2020.07.27 ~ 2027.07.26
Number of issued units	310 units	190 units
Ratio of subscribable shares to total issued shares	0.93%	0.57%
Subscription period	2022.05.01 ~ 2027.04.30	2022.07.27 ~ 2027.07.26
Exercise method	Each unit of the employee stock option certificate entitles the holder to subscribe for 1,000 ordinary shares, which will be issued by the company as a form of compensation.	
Period and ratio (%) of subscription restriction	Upon the completion of two years 30% Upon the completion of three years 60% Upon the completion of four years 100%	
Number of shares obtained after exercise of subscription	78,000shares	49,500shares
Amount of the shares subscribed	NT\$1,560,000	NT\$990,000
Number of shares not yet subscribed	177 units	111.5 units
Subscription price per share of the unsubscribed shares	NT\$20	NT\$20
Ratio of the number of unsubscribed shares to the number of issued and outstanding shares (%)	0.53%	0.34%
Effect on shareholders' equity	By issuing employee stock option certificates, the company aims to attract and retain the professional talents it needs, while also enhancing their sense of belonging and commitment to the company. This	

	approach is intended to create mutual benefits for the company and its shareholders, ultimately having a positive impact on shareholder equity.
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5.2 Names and subscription status of managerial officers who have obtained employee stock options and of employees who rank among the top ten in terms of the number of shares to which they have subscription through employee stock warrants acquired, cumulative to the printing date of annual report

As of April 30, 2023

	Title	Name	Number of subscription shares received	Ratio of the number of subscription shares received to the number of issued and outstanding shares (%)	Exercised				Not yet exercised			
					Number of shares subscribed	Subscription price (NT\$)	Subscription amount	Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)	Number of shares subscribed	Subscription price (NT\$)	Subscription amount	Ratio of the number of subscribed shares to the number of issued and outstanding shares (%)
Managerial Officers	CEO	CHENG, CHU-MING	325	0.98%	281	10 20	2,750 120	0.85%	30	20	600	0.09%
	Executive VP	LEE, YU-TSUNG										
	Executive VP	CHEN, CHIN-YI										
	CTO	GUO, JHE-RONG										
	VP	HSU, CHIH LU										
	VP(Note)	LIAO, LONG-SHENG										
	VP	KANG, CHI-YUAN										
	VP	KO, HUI-YU										
	Accounting Manager	FAN, CHING YI										
	Accounting Manager	HUANG, SHIH TING										
Employees	Senior Director	WU, SHANG-YI	560	1.69%	374.5	10 20	2,890 1,710	1.13%	150.5	20	3,010	0.45%
	Manager (註)	GUO, YONG-EN										
	Department Manager	HUANG, JIAN-CI										
	Technical Manager	HUANG, YI-HAN										
	Senior Manager (註)	WANG, JYUN-YAO										
	Senior Manager	CHEN, YUNG-CHEN										
	Department Manager	JHONG, JIAN-JHEN										

	Senior Manager	CHEN,JIAN-										
	Manager	HUANG,SHAO-										
	Senior Director	DONG,BING-HUANG										
	Department Manager	JHEN,JHENG-WEI										
	Technical Manager	JHANG,WEI-SYUN										

NOTE : Liao Longsheng, Deputy General Manager, resigned on July 5th, 2022.Jennifer Fan, Accounting Manager, resigned on March 17th, 2023.Kevin Guo, Manager, resigned on January 12th, 2023.David Wang, Senior Manager, resigned on November 25th, 2022.Peter Dong, Senior Director, resigned on June 30th, 2022.William Chang, Assistant Technical Manager, resigned on February 17th, 2023.

6.Status of New Restricted Employee Stock Issuance: None.

7.Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: None.

V. OVERVIEW OF BUSINESS OPERATION

1. Principal activities

1.1 Operating Scope

1.1.1 Principal Business Activities

- CF01011 Medical equipment manufacturing industry (limited to ROC industry standard classification 2760 radiation and electronic medical equipment manufacturing industry, 3321 glasses manufacturing industry and 3329 other medical equipment and supplies manufacturing industry)
- CE01030 Optical instrument manufacturing industry (limited to the industry standard classification of the Republic of China 2729 Other communication equipment manufacturing industry, 2730 Audio-visual electronic product manufacturing industry, 2771 Camera manufacturing industry, 2779 Other optical instruments and equipment manufacturing industry and 3321 Glasses manufacturing industry)
- IG01010 Biotechnology service industry (limited to ROC industry standard classification 7210 natural and engineering science research and development service industry)
- I301010 Information software service industry (limited to 6201 computer software design industry, 6202 computer system integration service industry and 6209 other computer system design service industry in the industrial standard classification of the Republic of China)
- F108031 Wholesale of medical equipment (limited to 4565 wholesale of watches and glasses, 4571 wholesale of medicines and medical supplies, and 4649 wholesale of other mechanical appliances)
- CC01101 Telecommunications regulated radio frequency equipment manufacturing industry (limited to 2721 telephone and mobile phone manufacturing industry, 2729 other communication and communication equipment manufacturing industry, 2751 measurement, navigation and control equipment manufacturing industry and 2760 radiation and electronic medical equipment manufacturing industry in the industrial standard classification of the Republic of China)
- F401021 Telecommunications control radio frequency equipment import business (limited to the industry standard classification of the Republic of China 4642 electronic equipment and its parts and components wholesale business)
- CC01080 Manufacturing of electronic parts and components (limited to manufacturing of other electronic parts and components not classified under ROC Industrial Standard Classification 2699)
- F119010 Wholesale of electronic materials (restricted to operate outside of the science park) (limited to the wholesale industry of electronic equipment and its parts and components under the Industrial Standard Classification of the Republic of China 4642)
- F219010 Retailing of electronic materials (restricted to operate outside of the science park) (limited to 4831 computer and peripheral equipment, software retailing, 4832

communication equipment retailing and 4833 audio-visual equipment retailing under the industrial standard classification of the Republic of China)

Research, develop, design, manufacture and sell the following products:

1. All-in-one digital medical diagnostic Set:
 - (1) Full-color handheld digital medical non-mydratic eye fundus lens
 - (2) Full-color handheld digital medical otoscope lens
 - (3) Full-color handheld digital medical dermatoscope lens
2. Medical image aided recognition software
3. Digital imaging medical beauty skin automatic analyzer
4. Disposable endoscopes and related components
5. Optical tomography scanner

1.1.2 Business Weightage

Unit: NT\$ thousands ; %

Main products	2021		2022		2023Q1	
	Revenue	(%)	Revenue	(%)	Revenue	(%)
Digital medical imaging diagnostic equipment.	429,095	88.32	426,240	84.89	74,851	61.21
Technical service customer solutions.	32,962	6.78	17,881	3.56	36,608	29.94
Others	23,814	4.90	57,967	11.55	10,828	8.85
Total	485,871	100.00	502,088	100.00	122,287	100.00

1.1.3 The Group's Current Products and Services

(1) Digital Medical Imaging Diagnostic Device

The company is committed to innovation and research and development of medical optoelectronic modules and systems. With core technologies in digital medical imaging and practical experience in product development, the company aims to develop advanced intelligent medical devices and provide innovative medical solutions. Its mission is to become a world-class "provider of innovative solutions for digital real-time medical imaging diagnostic devices" and an "IP design company for medical imaging devices."

In addition to the sales of hardware modules and products, the company further extends its reach to the field of AI-based intelligent medical services. It aims to become a biomedical and ICT (Information and Communication Technology) innovation company that combines products, modules, and services in the AI-based intelligent medical device sector. This not only assists healthcare professionals in frontline screening but also facilitates convenient and comprehensive follow-up record-keeping, promoting preventive medicine and tiered diagnosis and treatment, thus optimizing the efficient utilization of medical resources.

Starting from fundus cameras, the company has developed a handheld digital otoscope that allows doctors to perform basic examinations of the eyes, ears, nose, mouth, and skin using just one device. This includes but is not limited to a digital handheld non-mydratic fundus camera, an anterior segment examination scope, an oral cavity inspection instrument, an otoscope, a dermatoscope, and auxiliary imaging devices. The captured images can be transmitted in real-time through communication networks, achieving the goal of remote medical care and zero-distance consultation. They can also be loaded into electronic medical

record systems, enabling the complete recording of patients' diagnostic and treatment processes, assisting doctors in making more accurate diagnoses and treatments.

(2) Technical service customer solutions

The company's technical service revenue mainly comes from customized technical services related to digital medical imaging diagnostic devices.

(3) Other sources of revenue include after-sales maintenance services for digital medical imaging diagnostic devices and sales of miniature camera module.

1.1.4 Planned Developments for New Products and Services

The company is engaged in the design, development, and manufacturing of digital medical imaging diagnostic devices. In the future, it plans to collaborate with internationally renowned brands in a CDMO (Contract Development and Manufacturing Organization) model or sell products under its own brand, horus SCOPE, through medical channels. The company aims to explore emerging markets such as telemedicine, digital healthcare, and minimally invasive diagnostics. It focuses on the application of core technologies, combining hardware modules with AI software to provide innovative integrated healthcare solutions.

1.2 Industrial Overview

1.2.1 Current Industry Conditions

Trends in the development of the medical device market in the United States include:

With technological innovations, digital health has gradually emerged, and many companies are entering the healthcare industry. Companies such as Apple, Google, and Microsoft are expressing interest in the medical device field and may pursue entry through mergers, acquisitions, and other means.

Furthermore, the Internet of Things (IoT) has been widely applied to medical devices, such as glucose meters, blood pressure monitors, and cardiac monitors, connecting hospitals to home healthcare networks and providing more timely and improved consultation and care. Artificial intelligence (AI) and machine learning are also gradually being applied in the medical device industry, such as for tracking and treating chronic diseases, enhancing patient monitoring, and executing diagnostic and treatment processes through applications.

Since taking office in 2021, the Biden administration has actively promoted the 21st Century Cures Act, which was passed in 2016 with the goal of advancing digitization in the healthcare industry. It is expected that the digitization of the US healthcare industry will become a major growth driver for medical devices over the next decade. Key application areas include the Internet of Medical Things (IoMT), Software as a Medical Device (SaMD), medical surgical robots, and information security for medical devices.

The overall healthcare environment in Japan can be summarized as follows:

(1) Aging society

The aging population and declining birth rate are long-standing challenges that Japanese society has been facing, and they are also significant factors that cannot be ignored in the country's industrial development. According to statistics from the Japanese Ministry of Health, Labour, and Welfare, the population aged 65 and above was 21.65 million in 2000 and increased to 35.88 million in 2019, representing a growth of 1.47 times over a span of 9 years. Among them, the elderly population in need of care also tripled from 2000 to 2020, reaching 6.73 million people. The aging population in Japan has led to an increase in healthcare demand, putting a growing burden on medical facilities. At the same time, the declining birth rate will result in a shortage of healthcare professionals. Therefore, finding ways to reduce healthcare costs and alleviate the burden on medical institutions has become an important issue that the Japanese government needs to address.

(2) Medical expenditures

According to data released by the Ministry of Health, Labour, and Welfare in Japan, the total medical expenditures in 2019 amounted to 43.6 trillion Japanese yen, which was an increase of approximately 1 trillion yen compared to 2018. The accelerated aging population is one of the main factors contributing to the continuous growth of medical expenses in Japan. As the elderly population increases, the demand for healthcare services and long-term care is expected to rise, putting further strain on the healthcare system and leading to an increase in medical expenditures.

(3) The National Health Insurance (NHI) system

The health insurance system in Japan is known as the "Universal Health Insurance System" and is primarily divided into three categories: Employee Health Insurance (for private sector employees), National Health Insurance (for self-employed individuals and retirees), and the Late-stage Elderly Healthcare System (for individuals aged 75 and above).

Under the Universal Health Insurance System, Japanese residents have the freedom to choose their healthcare providers. The basic patient co-payment is set at 30% of the total medical costs. Access to healthcare services in Japan is convenient, and the cost burden for individuals is generally not excessively high.

(4) Changes brought about by COVID-19

2020 was a key year for the transformation of smart healthcare in Japan. In April 2020, the Ministry of Internal Affairs and Communications announced the temporary introduction of "online consultations" until the threat of the COVID-19 virus subsided. Patients were able to receive medical consultations through video conferencing. Since 2018, "online consultations" had been permitted for certain healthcare insurance cases, although with limited scope and applicability, mainly for follow-up consultations rather than initial diagnoses. The actual usage rate of "online consultations" in medical institutions was less than 1%. The Japanese Medical Association had been hesitant about the implementation of "online consultations," and as a result, Japan had almost no previous experience with online medical consultations.

However, due to the severity of the COVID-19 pandemic, the Japanese healthcare sector temporarily opened up to "online consultations." Regardless of the circumstances leading up to it, this marked a significant milestone for the Japanese medical community. If the trial period for "online consultations" proves successful, there will be great potential for future growth in this area.

The overall healthcare environment in Taiwan can be described as follows:

In recent years, Taiwan has been actively promoting the "Taiwan Precision Health Industry" policy and implementing the "Biomedical Industry Innovation Promotion Program" and the "Taiwan Precision Health Strategic Industry Development Program." These initiatives focus on Taiwan's biomedical industry as the core, with support from the healthcare and information communication technology (ICT) industries. The government integrates resources across departments, implements measures such as regulatory relaxation, startup support, and international talent cultivation. Digital technologies such as AI, IoT, and 5G are also introduced. Through interdisciplinary collaboration, the goal is to establish a health and medical data infrastructure and develop cutting-edge technologies.

In addition to promoting innovation and transformation in existing industries such as pharmaceuticals, medical devices, applied biotechnology, and health and welfare, the focus is on driving the development of emerging industries such as digital prediction/prevention/diagnosis, precision medicine, regenerative medicine, and smart healthcare. Key areas of future promotion include enacting legislation related to regenerative medicine to establish a comprehensive management framework for technologies and products in practice. The development of supporting subsidiary laws under the "Biotechnology and

Pharmaceutical Industry Development Act" is aimed at injecting new momentum into the biomedical industry. The integration of bio-ICT synergies, the introduction of digital empowerment and smart technologies, and the development of digital medical systems, smart hospital care, and telemedicine services are promoted to enhance local convenience and smart healthcare. By combining the strength of ICT, both in software and hardware, the construction of a robust health and medical data infrastructure and the enhancement of value-added applications are pursued.

Efforts are made to establish forward-looking technology platforms, introduce key manufacturing capabilities, enhance epidemic prevention and control, build Taiwan's biomedical resilience, integrate into the global supply chain restructuring, and enhance the international competitiveness of the industry. The aim is to drive industry transformation and innovation, establish the Taiwan brand image, and provide a better quality of life and improved health and well-being for the people, ultimately realizing Taiwan's 2030 vision for comprehensive health.

Current Status and Development of Telemedicine

The rapid development of technology is expected to drive the demand for online consultations, thereby contributing to the market growth of telemedicine solutions and services. For example, in April 2020, Jin Hong, a client in North America, launched the telemedicine solution Private Practice, which is a secure, simple, and cost-effective solution for doctors to provide virtual primary or specialty care for COVID-19 patients. Over the past decade, the number of telemedicine visits in the United States has significantly increased, and this trend is expected to continue in the future, facilitating the adoption of telemedicine systems by hospitals and healthcare institutions.

Telemedicine is rapidly transforming the healthcare industry and is expected to become the most accepted and utilized method for diagnosis and prescription in the coming years. Market growth may be driven by increased adoption of telemedicine, rising incidence of chronic diseases, aging population, proactive government initiatives, and physician shortages. Jin Hong Technology's products provide a comprehensive solution for telemedicine, offering a new opportunity to address the shortage of healthcare resources and the lack of medical resources in rural areas. At the same time, the popularization of preventive medicine concepts and the maturity of Internet of Medical Things (IoMT) technologies bring new possibilities to healthcare resources, allowing doctors and patients to conduct medical services without being in the same physical space. The ever-changing medical technology not only brings innovations to overall healthcare through digital medical products but also opens up new dimensions for medical services with the growing acceptance of AI (Artificial Intelligence).

The current state and development of AI

According to the latest report, global revenue for the AI (Artificial Intelligence) market, including software, hardware, and services, is projected to grow by 16.4% YoY, reaching \$327.5 billion in 2021. By 2024, the market is expected to surpass the \$500 billion mark, with a compound annual growth rate (CAGR) of 17.5% over the next five years, reaching a total revenue of \$554.3 billion. Among these three technology categories, software accounts for 88% of the total AI market revenue in 2020. However, it is the fastest-growing category, with a CAGR of 17.3% over the five-year period. Within the AI software category, AI applications had the largest share of revenue in 2020, at 50%. In terms of growth, the AI software platforms market is expected to be the strongest, with a CAGR of 32.7%. The slowest growth is anticipated for AI system infrastructure software, with a CAGR of 13.7%, while accounting for approximately 36% of AI software revenue. Jin Hong Technology's AI software for ophthalmology has obtained certification from Taiwan's Ministry of Health and Welfare in early June 2021, becoming the first AI-assisted software for diabetic retinopathy, categorized as Class 5, in the industry. Preliminary certification operations are also underway in hospitals in

Thailand and Southeast Asia.

The global wound care market reached \$15 billion in 2012 and is projected to grow at a CAGR of 12% from 2020 to 2030, with a focus on chronic wound care. In the case of chronic wound care in Taiwan, an average of 60,000 people die each year from wound infections associated with conditions such as pressure ulcers, making it the third most expensive healthcare issue. Jin Hong Technology has developed the Intelligent Wound Care Machine (referred to as MPD 100), which is the only integrated camera system on the market that combines color, 3D, and thermal imaging. The machine integrates wound care process management and utilizes AI analysis for wound type recognition. AI deep learning enables the identification of wound tissues, estimation of wound size and percentage, and accurate assessment of wound boundaries with an accuracy rate of 85%. It quickly provides medical staff with color, infrared, and depth images of wounds, making wound care information more comprehensive and assisting healthcare professionals in quickly assessing and recording wounds. In addition to reducing administrative form submission time for medical staff, it can effectively shorten wound healing time, achieving a distributed care innovation service of "frontline caregivers + medical institutions + remote care support system." This remote wound care service alleviates the burden of patients and their families in terms of transportation for follow-up visits. It also provides healthcare professionals with real-time wound care and professional advice, as well as the ability to establish a database of continuous wound progression data, facilitating the diagnosis and evaluation of wound conditions and improving the quality of care.

The current status and development of disposable endoscopes

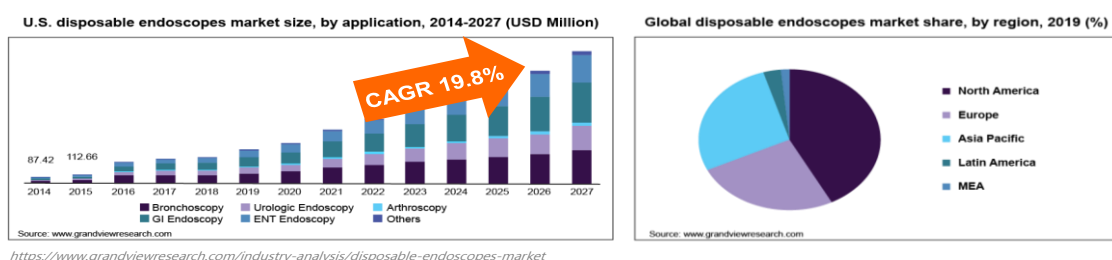
According to the latest reports, the global revenue of the endoscope market, including software, hardware, and services, is projected to grow by 16.4% in 2021, reaching \$32.75 billion. The market is expected to surpass the \$500 billion mark by 2024, with a five-year compound annual growth rate (CAGR) of 17.5%, resulting in total revenue of \$554.3 billion. Among the three technology categories, software accounted for 88% of the total AI market revenue in 2020. However, it is the fastest-growing category with a five-year CAGR of 17.3%. Within the AI software category, AI applications had the largest share of revenue in 2020 at 50%. In terms of growth, the AI software platform market is expected to be the strongest, with a five-year CAGR of 32.7%. The slowest growth is projected for AI system infrastructure software, with a five-year CAGR of 13.7% and accounting for approximately 36% of AI software revenue. Jin Hong Technology's ophthalmic AI software has obtained the Taiwan Ministry of Health and Welfare's medical licensing certification in early June 2021, becoming the first AI-assisted diagnostic software for diabetic retinopathy to be classified into the five-category system. It has also initiated certification processes in hospitals in Thailand and Southeast Asia.

The global wound care market reached \$15 billion in 2012, and the chronic wound care industry is expected to grow at a compound annual growth rate (CAGR) of 12% from 2020 to 2030. In terms of chronic wound care in Taiwan, an average of 60,000 people die each year due to wound infections associated with chronic wounds such as pressure ulcers, making it the third most expensive healthcare issue. Jin Hong Technology has developed the Intelligent Wound Care Machine (Model: MPD 100), which is the only integrated camera

system on the market that combines color, 3D, and thermal imaging. It also incorporates a wound care process management system and utilizes artificial intelligence (AI) analysis for wound type recognition. Through AI deep learning, the system can identify wound tissue, assess wound area proportions and estimate wound dimensions with an accuracy rate of 85%. It provides healthcare professionals with color, infrared, and depth images of wounds, facilitating comprehensive wound care, recording, and assessment. In addition to reducing administrative paperwork and improving efficiency for healthcare professionals, it can effectively shorten wound healing time, achieving a decentralized care model with frontline caregivers, healthcare institutions, and remote care assistance systems. This remote wound care service reduces the burden of transportation for patients and their families and provides real-time wound care and professional advice to healthcare professionals. It also allows the establishment of a database for continuous wound progression, aiding professionals in diagnosing and evaluating wound conditions and enhancing the quality of care.

Market Single-Use Endoscopes

- Market size **USD 1.03 billion @ 2019**
- 2020~2027 CAGR is **19.8%**



MiiS is the world's first company to use semiconductor packaging equipment for the development and production of miniaturized imaging and light source modules. These modules are primarily used for imaging sensing in disposable electronic endoscopes for medical applications. They can be customized to meet the specific product requirements of different endoscopes, enabling further miniaturization of endoscope products to reduce patient discomfort during medical procedures. By leveraging the advantages of large-scale production with semiconductor packaging equipment, Jin Hong Technology replaces traditional manufacturing methods, optimizing the production capacity and price of endoscope products. This, in turn, aims to increase the adoption rate of disposable endoscopes in frontline medical settings. Apart from reducing medical risks, the optimization of pricing and widespread use of disposable endoscopes is expected to provide more patients with access to relative medical care.

1.2.2 Association between Upstream, Midstream and Downstream Industry Participants

A. Upstream

The upstream materials and components industry for medical devices encompasses a wide range of categories. It includes electronic components such as ICs and sensors, hardware components like metal mirrors/tubes, brackets, clips, and springs, plastic/rubber/silicone materials such as casings and bio materials, optical components including glass/plastic lenses and polarizing films, as well as packaging materials, among others.

Currently, Taiwanese manufacturers have established close partnerships with European and American manufacturers in the field of medical device components. However, they face increasing competition from manufacturers in other regions. To enhance their competitive strength, Taiwanese manufacturers are focusing on strengthening their research and development capabilities and exploring collaborations with international partners. They are also adopting technologies from abroad to improve their competitiveness in the industry.

B. Midstream

The midstream medical device manufacturing industry has a wide range of coverage, which can be categorized based on different applications:

Medical testing and monitoring equipment: This includes electronic blood pressure monitors, thermometers, ear thermometers, air quality monitoring products, and temperature-controlled products used for medical testing and monitoring.

Optical medical devices: This category includes optical lenses and contact lenses used in optical medical equipment.

Medical consumables: This includes catheters, test strips, syringes, and other disposable medical supplies.

Specialized medical materials: This category covers precision infusion sets, peristaltic infusion sets, and thoracic aorta stents used in specialized medical procedures.

Dental, ophthalmic, and orthopedic medical instruments: This category includes dental instruments, ophthalmic instruments, and orthopedic implants and devices used in dental, ophthalmic, and orthopedic treatments.

Human implants: This includes artificial bones, bone balls, bone plates, nails, screws, bone cement, and other medical implants used for human body augmentation or replacement.

Sanitary supplies: This category covers various hygiene products used in healthcare settings.

Fitness equipment: This includes exercise machines and equipment used for physical fitness and rehabilitation purposes.

C. Downstream

The downstream industry of the medical device sector consists of professional distributors and channel partners who sell the medical devices to hospitals, clinics, and pharmacies. The sales targets for medical devices depend on the product's functional attributes. Medical consumables are primarily sold to hospitals and pharmacies, while specialized medical equipment is mainly targeted at hospitals and clinics. Homecare devices such as electronic thermometers and blood pressure monitors are primarily distributed through pharmacies.

D. The peripheral support industry

In the peripheral support industry, due to the increasing demand for product safety in advanced medical devices, the assessment and testing of biocompatibility are highly valued by both domestic and international verification and regulatory authorities. This includes companies that provide product testing and clinical laboratory services. These services assist medical device manufacturers in implementing rigorous process control,

enabling them to engage in mass production, product testing, and validation. Such services serve as a competitive advantage for manufacturers of advanced medical devices.

1.2.3 The Development Trends for each Product

- (1) International major manufacturers are actively applying relevant mobile communication technologies and developing product features towards connectivity, data transmission, cloud platforms, and visualization through accompanying applications (Apps). They are actively investing in the development of mobile healthcare and telemedicine markets.

In response to the escalating healthcare expenditures burdening the economy and public finances in many countries, governments are actively promoting preventive medicine and encouraging individuals to shift from passive treatment to proactive prevention and monitoring to avoid disease occurrence. The consumption of healthcare services is also shifting from centralized medical institutions to other health examination centers or even home-based care, transitioning from a centralized to a decentralized care model. In line with these market trends, international medical device manufacturers are integrating information and communication technologies, focusing on patient-centric care, and developing related healthcare systems. The realization of scenarios involving personal portable products is gradually being achieved.

- (2) The advancement of big data and digitization, combined with artificial intelligence (AI) and image interpretation technologies, has led to the development of intelligent medical devices in the field of innovative medical imaging. This has expanded the product lines from single products to a diverse range of offerings. It has driven the development of precision medicine and digital healthcare, enabling healthcare professionals to determine prevention and treatment strategies based on individual patient characteristics, gradually moving towards the goal of personalized healthcare. In recent years, major US medical device manufacturers such as Medtronic, Johnson & Johnson, and GE Healthcare have all actively entered the field of smart healthcare to improve service quality and enhance the precise application of their products.

- (3) Advanced medical device manufacturers in developed countries have adopted more advanced or innovative technologies and services to enhance product value and improve product quality. They also integrate their developed products with the service models established in intelligent environments, forming more comprehensive and efficient healthcare solutions to provide consumers with more effective healthcare solutions.

- (4) In the case of disposable endoscopes, the use of single-use endoscopes has addressed issues such as cross-contamination, time wastage, and capital investment in basic healthcare facilities. Endoscopes are medical devices that come into direct contact with patients' skin, mucous membranes, and sterile tissues. However, due to the presence of multiple small and long open channels in the structure of endoscopes, they provide an environment for the retention of microorganisms, secretions, and blood, leading to the risk of cross-infection. Academic research has shown that endoscopes rank first in the risk of healthcare-associated infections among medical devices, with more than 70% of endoscopes being inadequately cleaned and nearly three-quarters of commonly used endoscopes being contaminated with bacteria.

The latest research published in January 2021 compared reusable and disposable ureteroscopes and found that the group using disposable endoscopes had shorter hospital stays and antibiotic treatment durations. The overall incidence of complications and postoperative infection rates were also lower. Among the 90 patients who used disposable endoscopes, none developed uremia or had positive blood cultures, while the control group had three positive cases. This further demonstrates the significant reduction in postoperative complications and infection rates associated with the use of disposable endoscopes.

Our company's digital medical imaging diagnostic devices are classified as Class-I and Class-

II medical devices, while AI image diagnostic analysis software can even reach Class-III level. These devices allow for digital photography and videography and can create electronic medical records that can be uploaded to the cloud. This enables remote healthcare, allowing doctors to remotely interpret and diagnose medical images, potentially replacing traditional medical visual examination tools.

Considering the global trends towards electronic medical records and telecare, the emergence of these digital medical devices can be widely used in general clinics, hospitals, health screening centers, and elderly care facilities. They can be utilized by healthcare professionals, nurses, caregivers, and community volunteers for general screening and record-keeping purposes.

Due to the features of our digital medical imaging diagnostic devices, such as non-mydratric (non-dilated pupil) capability and portability, they can significantly increase patient comfort. Additionally, their digital photography functionality makes them lightweight and practical. These features are particularly beneficial for ophthalmology and diabetic patients, especially those with localized conditions such as retinal and optic disc abnormalities who may not be able to undergo traditional tabletop camera imaging. These devices can be especially useful in remote areas with limited medical resources.

In the future, our devices can also serve as frontline screening tools, particularly for patients with diabetic retinopathy. They can be promoted as tools for nationwide health screenings and general screening, facilitating preventive medicine and stratified healthcare, ultimately benefiting the overall health of the population.

Our company's product design concept is based on platform development, where a shared main unit can be used with different lenses for various medical specialties. Currently, we have successfully developed and mass-produced retinal cameras, otoscopes, dermatoscopes, examination scopes, anterior chamber examination scopes, and endoscope adapters. These products can serve ophthalmology, metabolism, neurosurgery, pediatrics, otolaryngology, dermatology, medical aesthetics clinics, internal medicine, family medicine, health checkups, physician consultations, ward rounds, and telemedicine in remote areas such as clinics, islands, mountain tribes, and remote towns. The technology, products, and services have excellent scalability and derivability within the industry. In the future, we can further develop products for different medical disciplines such as laryngoscopes and endoscopes, expanding our services to more medical institutions and benefiting a larger population. By integrating Taiwan's supply chain, we can enhance Taiwan's technological threshold in entering the high-end medical device market, effectively increasing Taiwan's market share in the global digital medical imaging diagnostic device market.

1.2.4 Competition

(1) Ophthalmoscope (Retinal camera), Digital otoscope, Digital dermatoscope

Optomed's product lineup primarily focuses on handheld retinal cameras. The products feature automatic focusing but still require manual triggering for capturing images. Additionally, the field of view has been expanded to 50 degrees, enhancing visibility by enlarging the screen. The weight of the devices has also increased slightly. However, there haven't been significant technological innovations in terms of these products.

(2) Anterior segment cameras

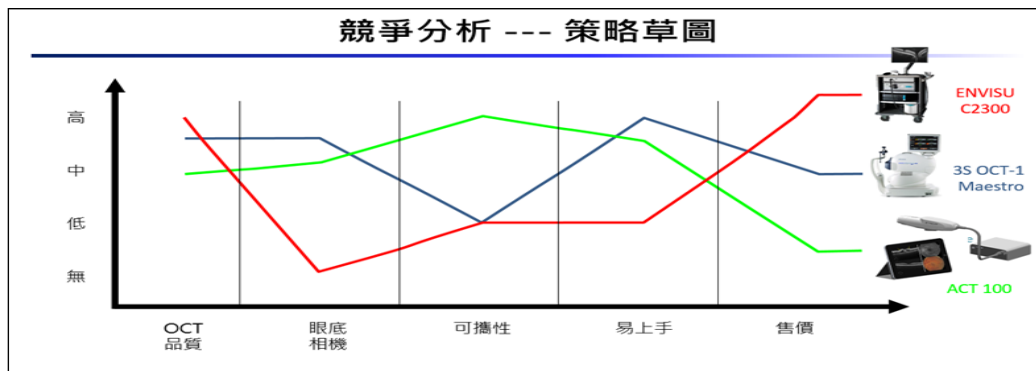
The main competitor in the market for anterior segment cameras is the Kowa SL-17 handheld slit lamp. This product has not introduced any digital updates and operates on the same principles as traditional tabletop slit lamps. While the Kowa SL-17 may be a viable option for certain clinical settings, its lack of digital advancements and limited functionality may pose a disadvantage compared to more modern and innovative anterior segment cameras available in the market.

(3) Digital intraoral cameras

VELscope is a competitor in the field of oral cancer screening devices. It utilizes fluorescence visualization technology to detect abnormal tissues in the oral cavity. However, it does not offer any digital imaging capabilities or advanced digital features. VELscope's main focus is on its specific application in oral cancer screening rather than providing comprehensive digital intraoral imaging solutions.

(4) OCT

The current strategy focuses on the main goals illustrated in the diagram, aiming to achieve primary differentiation in portability and price. By doing so, the objective is to enhance the competitiveness of the product.



(5) Micro camera module

Most of the competitors' micro camera modules are primarily used in automotive systems or consumer electronic products, with fewer applications in medical devices.

(6) Disposable endoscopes

Our company's disposable endoscope features a new design and offers specifications and pricing comparable to Ambu's product. While the specifications are slightly different from Karl Storz's product, our pricing is significantly lower than Karl Storz's equivalent product in the same category. This combination of competitive pricing and comparable specifications positions our disposable endoscope as an attractive option in the market.

(7) AI

A. Retinal image analysis software

Google's DR AI technology is currently used only for research purposes and has not begun commercial operations. Retinalyze from Denmark, on the other hand, utilizes traditional image processing techniques instead of AI technology, resulting in poorer compatibility with different brands of retinal cameras. Acer, the first company in Taiwan to obtain TFDA certification, provides retinal image analysis with a binary classification of disease presence or absence.

B. Wound care hardware and software

At present, the common handheld wound care devices in the world are mainly designed as a system of two cameras to record wound photos and additional wound information. The main structure is a color camera and a camera for special applications. The common special camera is a 3D camera: for Wound size measurement, thermal camera: for wound temperature distribution analysis, and fluorophore camera: for colony analysis.

After a detailed market demand matrix analysis, and based on dozens of wound care-related medical staff in three research hospitals, Jinhong calculated that the combination of color, 3D and thermal cameras is the best combination for improving the efficiency of wound care. Therefore, Jinhong developed the MPD 100, the only three-camera system on the market that integrates color, 3D and thermal cameras. Only one MPD 100 can achieve the effect of two wound care devices on the market and integrate the wound care

process The management system manages the wound process and analyzes the types of wounds with artificial intelligence (AI), which makes the wound care information more complete, and the management and disposal of the wound care process is more convenient and intelligent.

The technical specifications (spec.) and main technical features of MPD 100 compared with other similar products on the market:

	eKare (USA) 	Scout (USA) 	Silhouette 	MolecuLight (USA) 	MPD 100 
Awards	• Washington Business Journal 2016 Innovation Award	-	-	• 2016 Medical Design Excellence Awards	-
FXN 510(k)	• Registered	• K131596	• K070426	• DEN180008	
Sensors	color + 3D	color + thermal	color + 3D	color + fluorescence(螢光)	color + thermal + 3D

4.5 Technological Research and Development

1.3.1 The technical level and research and development of the business

- (1) During the research and development of digital medical imaging diagnostic devices, only Japan could provide important components of the product, such as large-scale molded glass. Cooperate with domestic optical manufacturers to develop molded aspheric glass lenses with a diameter of more than 36 mm, and provide them to the company's products.

The first innovative technology of the company's products is miniaturization and digitalization - traditional hand-held direct ophthalmoscopes, doctors need to be very close to patients when using them, and can only see about 5 degrees of viewing angle. In addition, the traditional indirect ophthalmoscope can see a relatively wide viewing angle, but it is difficult to align, and the above-mentioned products do not have digital functions, and it is difficult to record and transmit images. Although the table-top fundus camera is easy to use and can record, it is not easy to carry and move. Jinhong's fundus camera weighs only a few hundred grams, and the price is less than half of the table-top type. , Bedridden patient care.

The second innovative technology of the company's products is a fully automatic use mode. The user only needs to align the subject's eyes, and then the image can be automatically focused and exposed. The second-generation product uses the auto-focus positioning system to complete auto-focus photography in a short period of time, so that the subjects will not feel uncomfortable and can complete the measurement smoothly. Therefore, it is recognized by the world's largest ophthalmology medical society - the American Academy of Ophthalmology - American The Academy of Ophthalmology (AAO) was selected as the innovative product of the year AAO 2015 @ Las Vegas.

The third innovative technology of the company's products is the unique ergonomic design and peaceful white appearance design, which has a sense of security and gentleness. The overall shape configuration has won the favor of the international market. Human factor engineering is considered in the user interface, so that users can operate with one hand, and easily complete the actions of auto focus and shooting, which is quite convenient to use.

The company's products integrate AI artificial intelligence software's auxiliary judgment, data integration, cloud image reading, consultation and other functions to meet the global trend of AI smart medical needs, more convenient for medical staff to use, and realize remote and mobile medical and smart networking applications.

The company has an evaluation process for the content of innovation and patents. In the initial stage, patent-related information is collected, and a patent map is made for core technologies to confirm the technical direction that can be developed and required. When applying for a new patent, there is an Intellectual Property Evaluation Committee to

evaluate whether it is patentable. If the evaluation is feasible, a patent firm will be invited to write the document and compare the patents. After the patent is completed, a bonus will be issued to encourage the patent inventor. If the patent is realized in product production, the inventor of the patent will also be rewarded with incentives. The company uses this model to stimulate the company's internal innovation capabilities.

In order to ensure the company's long-term competitiveness and reduce the business risk of personnel resigning and taking technology away, and to comply with the current trade secret law, to protect business secrets and maintain industrial ethics and competition order, the company stipulates that all employees must sign the "Employment and non-disclosure agreement". Colleagues are obliged to keep confidential. The ideas, discoveries or creations of inventions or business secrets produced during the employment period must be kept confidential, and the relevant rights belong to the company. At the same time, all commercial, technical or production secrets that colleagues come into contact with must be kept confidential. In case of violation of the various provisions of the contract, in addition to being punished according to the company's reward and punishment regulations, if the company suffers damage, the current employee shall bear relevant civil and criminal responsibilities and compensate for the relevant losses.

The company's current patent layout mainly lies in the core competitiveness of optics, system, imaging, software and appearance patents, including fundus cameras, slit lamps, otoscopes, dermatoscopes, oral mirrors, disposable endoscopes and related micro-lens modules... etc. In the future, we will focus on the direction of product development, study the patent map of competitors, and continue to deploy related patents.

- (2) In the field of disposable endoscope products, in addition to disposable endoscope products, Jinhong Technology is more aware of the importance of key components, and the key components of endoscope products are optical image sensors testing and lighting modules; after studying the structure of disposable endoscopes at home and abroad, considering the quality, productivity and reliability of the miniaturized image and light source modules, a more advanced semiconductor packaging process technology was introduced To carry out the development and production of this module. In addition to the introduction of semiconductor packaging equipment, Jinhong Technology has successfully packaged miniature image sensing elements and Mini LEDs into a miniaturized image and light source module suitable for endoscope production by means of automated equipment production. It has the advantages of consistent quality, high mass production and good reliability. And because of the advantages of automation, a large number of standardized product production can be carried out, and high-quality and cost-effective products can be provided to Jinhong's own brand endoscope or other endoscope manufacturers. In addition, for the special needs in the design or use of endoscopes, Jinhong can also provide customized module design and development services, apply high-precision packaging equipment, meet the miniaturization precision requirements that cannot be achieved in general operations, and further satisfy customers It is expected to popularize the disposable endoscope and benefit more people. With the vigorous development of the above-mentioned disposable endoscopes, the optical imaging modules developed by Jinhong Technology will provide customers with complete solutions in the form of standardized module products or ODM, that is, all endoscope manufacturers will be the target customer of Jinhong, and Jinhong also takes providing cost-effective and high-quality optical imaging modules as one of its important goals.

1.3.2R&D Spending

Unit: NT\$ thousands; %

Year	2018	2019	2020	2021	2022	2023Q1
R&D Expenses	76,688	104,421	100,741	107,591	126,131	28,314

Net Operating Revenue	367,853	314,504	402,473	485,871	502,088	122,287
Proportion of Net Revenue	20.85	33.20	25.03	22.14	25.12	23.15

1.3.3 Successfully Developed Technologies or Products for last 5 years

年度	R & D product name
2015	Horus Digital Diagnostic Set DSC200 Horus Digital Diagnostic Set DSC200P Horus Digital Fundus Camera DEC200 WEC100
2016	UOC100 SB1
2017	Horus Digital Dental Mirror DDM100 Horus Portable Chin Rest CR100 SC2 Horus Digital Eye Anterior Lens DEA200 Horus Transilluminator ILS100
2018	Otocam200 Digital protable Tonometer DPT100
2019	WEC700 AI-DR Horus Digital Diagnostic Set DSC300 Horus Digital Diagnostic Set DSC300P Horus Digital Eye Anterior Lens DEA 200P SE 1
2020	DVC100
2021	ACT100 (Horus Digital Otoscope with control unit) (EOC 700) DIB100 MPD100 MCM
2022	DIB 100 & AI-DR Horus Digital Fundus Camera DEC200 & SC2 VEC 100 Wound Care System (SC3)

1.4 Long and Short Term Business Development Plans

MiiS's business headquarters is located in Taiwan, and all development teams are also located in Taiwan. Therefore, the development of each product will first ensure that the

product has passed medical clinical and regulatory certification in Taiwan, and then obtain regulatory certification in the United States, Europe, Japan, and Asian countries in response to the needs of different customers.

The company's future business policy is as follows:

1. Focus on the three major markets of telemedicine, digital medicine and minimally invasive diagnosis and treatment. Through the dual-engine model of its own brand and CDMO, it will continue to develop smart medical equipment and provide innovative medical solutions.
2. Telemedicine products: focus on the home care market, and develop products from existing professional medical care products to household products; digital medical products: expand the use platform of existing software to apply to different operating systems; minimally invasive diagnosis and treatment products: continue Develop disposable endoscopes suitable for different parts and functions.
3. Form cross-industry alliances with domestic communication companies, medical insurance companies and health management companies, and create new business models for health management and sales through the implementation of cooperative plans.
4. Expand the sales market outside the United States to reduce the risk of excessive market concentration.

2. Market and Sales Overview

2.1 Market Analysis

2.1.1 Locations where products are primarily sold

Unit: NT\$ thousands; %

Sales regions	2021		2022		2023Q1	
	Amount	%	Amount	%	Amount	%
Taiwan	21,073	4.34	16,598	3.31	707	0.58
Mainland	33,455	6.89	27,992	5.58	3,548	2.90
U.S.A	390,547	80.38	415,163	82.69	106,509	87.10
Other	40,796	8.39	42,335	8.43	11,523	9.42
Total	485,871	100.00	502,088	100.00	122,287	100.00

The company is an export-oriented company, and its products are mainly sold to Europe, the United States, the mainland and Asian countries. Since 2011, it has actively entered developed countries and emerging markets with its own brand horus SCOPE and CDMO OEM mode, and has Successively obtained product listing approval from various countries.

1. 1. 2 Market Share

The company is committed to the research and development, manufacturing and marketing of medical imaging diagnosis related products, expanding its business with the positioning of a world-class "innovative solution provider for digital real-time medical imaging diagnostic equipment" and "IP design company for medical imaging devices". The company has successively cooperated with major international manufacturers to develop new products, and the products have penetrated into mature markets such as Europe and the United States. In addition, the company's main business partners are global leading manufacturers of medical equipment, and it has a certain market share in related fields. With the continuous expansion of the company's CDMO OEM business and its own brand horus SCOPE business, the overall operation and market share should be stable. growing up.

2.1.3 Future Market Supply/Demand and Growth Potentials

(1) Main regional market size

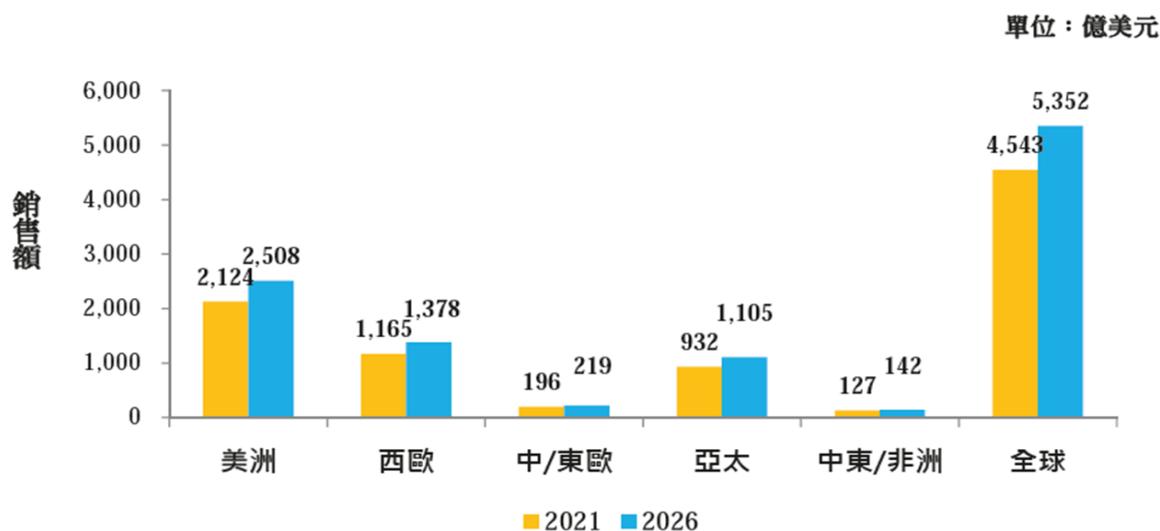
In 2020, the global medical equipment industry will be ravaged by the COVID-19 epidemic, which will affect the development of the structure and supply and demand of the global medical equipment industry, and will also change the revenue and ranking of global medical equipment manufacturers. Fortunately, in 2021, a variety of vaccines will be launched on the market through emergency use authorization, and the vaccination rate will be gradually increased in large-scale vaccinations in various countries. However, in the second half of 2021, Delta and Omicron variant viruses appeared one after another and spread rapidly, which once again drove the rapid increase in the number of confirmed cases. Even though it is still affected by the impact of the mutant virus epidemic, the effects of herd immunity and the reduction of severe cases are gradually emerging, and European and American countries are gradually moving towards a new normal of coexistence with the epidemic.

As the epidemic slows down, the number of severe cases and deaths affected by the epidemic has also slowly decreased, countries have gradually unblocked, and economic and social activities have also resumed. Therefore, non-emergency medical treatment arrangements have also restarted, and changes in medical projects have also affected medical treatment. The sales of equipment market demand items are reflected in the changes in medical equipment items and the recovery of market demand.

Overall, the demand structure of various medical materials and products in 2021 will gradually return to be similar to that before the epidemic. Although the epidemic has not stopped and caused a small number of operations to be affected again and postponed, 2021 will only show a small short-term change. Even though the current epidemic situation has not yet been completely brought under control, increasing the uncertainty of market development, the long-term growth momentum of the medical equipment industry is still supported by the demand for medical care for the elderly, and driven by the slowdown of the epidemic and the return to medical fundamentals. , is expected to gradually restore the former prosperity.

According to the research report of BMI Research, the global medical device market size in 2021 will be 454.3 billion US dollars, an increase of 6.3% compared with 2020, and it is estimated to grow to 535.2 billion US dollars in 2026, with a compound annual growth rate of about 5.6 from 2021 to 2026 %,as the picture shows.

In 2021, the global medical device regional market will still be dominated by the American market, accounting for 46.7% of the global market; followed by the Western European market, accounting for 25.6% of the global market; and the Asia-Pacific market, accounting for 25.6% of the global market. 20.5%; Central and Eastern Europe accounted for 4.3%; Middle East and Africa accounted for 2.8%. Overall, the overall ranking order of the regional markets will not change much in the future. The Americas, Western Europe, and Asia-Pacific regions will still be the top three markets, but their proportions will fluctuate slightly.



全球醫療器材市場規模分布

資料來源：BMI，2022 年；工研院產科國際所，2022 年 5 月。

America

The American market mainly includes the United States, Canada, Mexico, and South America. The American market will account for 46.7% in 2021, which is similar to that in 2020. The main growth momentum in the Americas is linked to the U.S. market. Affected by factors such as the post-war baby boomers entering an advanced age and the continued decline in the birth rate, the proportion of the elderly population over the age of 65 in the U.S. continues to rise, and the prevalence of chronic diseases is increasing year by year, Promoting the continuous growth of the overall medical expenditure in the United States. In addition, due to the impact of the COVID-19 epidemic, medical demand has increased significantly. In 2021, US medical expenditure will be 4.2 trillion US dollars, an increase of 9.7% compared with 2020. Overall medical expenditure accounts for 18.4% of GDP, and the proportion of US medical expenditure to GDP is the highest in the world. . In 2021, the United States will be the largest single medical equipment market in the world, accounting for 42.0% of the global medical equipment market. In 2021, the U.S. medical device market size will be US\$190.83 billion, an increase of 6.1% compared to US\$179.86 billion in 2020, and the compound annual growth rate from 2020 to 2024 is expected to reach 6.4%. U.S. President Biden continues Trump's line and wants to return to "Made in America". Especially after the previous outbreak of the epidemic, the U.S. medical supplies supply chain has experienced shortages. Therefore, he is actively promoting the construction of the U.S. domestic medical equipment industry chain and the priority purchase of American products. Implement policies.

In January 2021, Biden proposed in his National Strategy Report that the Defense Production Act will be implemented to strengthen the manufacturing of medical equipment and drugs in the United States, and to make the supply chain more complete and diversified in response to the epidemic. The issue of shortages of materials or parts due to reliance on external supplies during the pandemic. In March of the same year, the "National Defense Production Act" was officially invoked to accelerate the production of vaccines, COVID-19 testing reagents, and personal protective equipment (PPE). Protective clothing) and upstream raw materials (such as glove raw materials - nitrile rubber, mask elastic bands, melt blown materials and antibacterial fabrics) and other industries to build a complete medical equipment industry supply chain and bring the original overseas manufacturers back to the United States. Treat epidemic prevention products as war preparations, increase investment in manufacturing industries such as masks, gloves, and protective clothing, and continue to expand the

manufacturing capacity of local medical equipment in the United States to improve the integrity of the supply chain in order to get rid of dependence on external supply chains with diversity.

Overall, after US President Joe Biden takes office in 2021, he will launch a number of medical policies in response to the COVID-19 epidemic, expand the coverage of the insurance population, build the US medical supply chain and purchase US medical products, all of which are driving the development of the medical equipment market. . Although the increase in corporate tax and overseas profit tax increases the cost of the medical device industry, the tax policy also drives R&D investment to promote high-tech development and increase high-paying job opportunities, enabling the US medical device industry to continue to innovate in product technology and maintain global competition force. In 2021, when the epidemic is relatively mild, the demand for various medical equipment will pick up, and the revenue of manufacturers will resume growth. Even though the rapid spread of the Omicron variant virus will bring short-term variables to the market, the development prospects of the US medical equipment industry are still relatively optimistic, and the growth is worth looking forward to .

Western Europe

Western Europe is the second largest market in the world, including countries in the western half of Europe such as France, Italy, Greece, Sweden, Spain, Austria, Belgium, Portugal, Finland, Germany, Switzerland, the United Kingdom, Denmark, the Netherlands, Norway and Ireland, by 2021 Western Europe accounted for 25.6% of the market in 2020, a slight increase compared to 25.3% in 2020, which is mainly related to the huge demand for medical care for the elderly in Europe and the growth of the medical materials market driven by the demand for epidemic prevention. One is medium and long-term medical needs. Since Western Europe is the region with the highest aging population in the world, the entire Western Europe has entered an "aged society" with 14% and is gradually entering a "super-aged society" with 20%. The elderly population continues to increase , The demand for related medical care products continues to grow, which also increases the financial burden on the governments of Western European countries. The second is the short-term impact of the COVID-19 epidemic. Since the outbreak of the epidemic in 2020, countries have struggled to cope with the crisis of various control measures and the collapse of the medical system. The recovering eurozone economies have brought more uncertainties; with the full-scale vaccination in Europe, the epidemic situation is gradually brought under control, various restrictive measures are gradually lifted, and people's lives are gradually returning to normal, and the economy is also developing. Gradually recovering.

In 2020, the European Union proposed a recovery fund (EU Recovery and Resilience Facility, RRF) - "Next Generation EU (Next Generation EU)" bailout and economic revitalization plan, which will start on the road in June 2021. Italy and Spain are the main players for this fund Beneficiaries, this recovery fund is not only used for health care and reform, but also green energy and digital transformation are the focus of implementation. It is hoped that under the economic impact of the COVID-19 epidemic, it will help the economies of EU countries rebound and recover from the epidemic. In addition, with the advent of vaccines, the gradual increase in vaccination rates, and the relaxation of epidemic prevention measures in various countries, the pressure on the medical system has eased slightly, and surgical treatments that were delayed in the past have also returned to normal, driving the growth of the Western European medical equipment market. However, uncertainties and risks still exist in the EU region, such as: unknown future changes in the epidemic, high inflation rate and the possibility of accelerating monetary tightening, the continuation of the Ukrainian-Russian war, the epidemic blockade and control measures in mainland China, and the continuous disruption of the supply chain. Factors such as high energy prices and high energy prices have brought uncertain risks and challenges to the Western European economy.

In 2021, Germany will become the second largest single medical equipment market in the world after the United States, with a market size of US\$33.44 billion, accounting for 28.7% of the medical equipment market in Western Europe and 7.4% of the global medical equipment market, calculated in US dollars from 2020 to 2024. The annual compound annual growth rate is as high as 8.0%. Due to the continuous spread of the COVID-19 epidemic in 2021, the Delta and Omicron mutant strains have successively become the main epidemic strains in the world, which has also driven the continuous increase in the demand for medical materials related to the epidemic. With the advent of the vaccine and the increase in the rate of injection, coupled with the relaxation of epidemic prevention measures, related surgical treatments have also returned to normal, driving the growth of the German medical equipment market. Germany is the largest economy in the European Union and a leading country leading the economic growth in Europe. The epidemic has caused shortages of workers and materials, bottlenecks in the supply chain of automobile and industrial production, stagnant exports, and soaring energy prices. In 2021, Germany's GDP grew by only 2.9%, and the economic recovery is slow, and the follow-up development deserves continuous attention.

Asia

In 2021, the Asia-Pacific medical equipment market will account for 20.5%, which is a slight decline from 21.4% in 2020. The greater growth momentum comes from Japan and mainland China, which are most affected by the epidemic.

In 2021, mainland China will become the third largest medical device market in the world, with a market size of approximately US\$33.02 billion, an increase of 13.5% over 2020. At the beginning of 2020, the COVID-19 epidemic broke out in mainland China. In 2021, strict epidemic prevention policies will be implemented and the vaccination rate of COVID-19 vaccine will reach 85%. , medical equipment (such as medical gloves, protective clothing, medical masks), electrocardiographs, respirators, disinfectants, and in vitro diagnostic medical materials have gradually declined, and the supply of medical equipment has gradually returned to normal. The demand for high-end imaging clinical scans and clinical operations has also recovered, driving the sales growth of high-end imaging equipment such as MRI and computer tomography. Medical materials related to clinical operations, such as orthopedic medical materials and endoscopes, have also returned to pre-epidemic levels, driving 2021. The overall medical equipment market in mainland China continues to grow. As the governments of various countries decide to adopt the policy of co-existing with the virus, in order to avoid the collapse of domestic medical resources caused by a large-scale epidemic, the epidemic prevention policy in mainland China still maintains the "clear policy", which will affect the trade and domestic demand economy of mainland China. However, China's anti-epidemic policy is also considering the possibility of co-existing with the virus. In the Central Economic Work Conference of Mainland China held in Beijing in December 2021, it was mentioned that the economic development of Mainland China is facing "shrinking demand, shocking supply, and shifting expectations." Under the triple pressure of "weakness" and emphasizing the "six stability" and "six guarantees", on the premise of improving people's livelihood and stabilizing the macro economy, it is expected to introduce various scientific and precise methods to control the epidemic, while mainland China and the COVID-19 virus. The "dynamic zeroing policy" of coexistence will be promulgated and implemented after the research is completed, so that the economy of mainland China can continue to grow steadily.

In 2021, mainland China will launch a new 5-year national development plan. In addition to facing existing problems and new challenges, it will also keep pace with the times and introduce innovative technologies and technologies, hoping to establish a more complete health care management in the post-epidemic era. Ecology, promote the development of the overall domestic medical industry in the direction of high efficiency and precision, and improve the overall national health. With the improvement of people's health quality

requirements in mainland China and the popularization of health management awareness, people's demand for high-end medical services has increased, which has prompted people to actively implement daily personal health management, such as fitness exercises, taking health food, health checks and healthy retirement. In terms of clinical medicine, in addition to continuing to support domestic high-end medical equipment manufacturers, it also expands emerging application fields such as disease screening, eugenics, genetic testing, medical artificial intelligence, and telemedicine.

In 2021, Japan will be the fourth largest medical equipment market in the world, second only to mainland China in Asia. The market size is estimated to be US\$27.46 billion (approximately 2.8 trillion yen), and the annual growth rate from 2020 to 2024 in US dollars will be 8.1%.

Japan is the country with the highest degree of aging in the world, which has a great impact on social and economic development. The social security costs of medical care and care remain high, which aggravates Japan's financial pressure on elderly care; in addition, Japan is also affected by the COVID-19 epidemic, and medical expenditures keep climbing. Japan will host the Tokyo Olympics in 2021, which will increase the domestic infection rate and bring severe challenges to its domestic economy. It will also add variables to the growth of the Japanese medical equipment market. The pressure on medical resources and the ensuing decline in economic activity has reduced the use of most other medical equipment, coupled with supply chain disruptions and continued external uncertainties, also affecting medical equipment exports.

As the COVID-19 epidemic in Japan has stabilized in the fourth quarter of 2021, and the state of emergency in Tokyo and other regions has been lifted before the end of September, both personal consumption and business equipment investment have rebounded, driving up the overall GDP performance. In the past ten years, Japan's population aging and labor shortage have become one of the main reasons affecting social and economic growth, especially the problem of aging. It is expected that by 2050, the expenditure on elderly health and long-term care will increase to 5% of GDP. As far as Japan is concerned, the decline of the labor force and the shrinking labor force caused by the aging population, as well as the different consumption characteristics, will also inhibit the growth of consumption power and productivity. However, as the aging population increases government expenditures and shrinks taxation, it will become a financial challenge for Japan. pending issues.

In 2022, due to the rapid spread of Omicron mutant strains, the Japanese government announced in January that several autonomous regions would implement "key measures such as preventing the spread". It is expected that the pace of Japan's economic growth will slow down again. Driven by the demand for medical care for the elderly, it is estimated that the overall medical equipment industry will grow slowly.

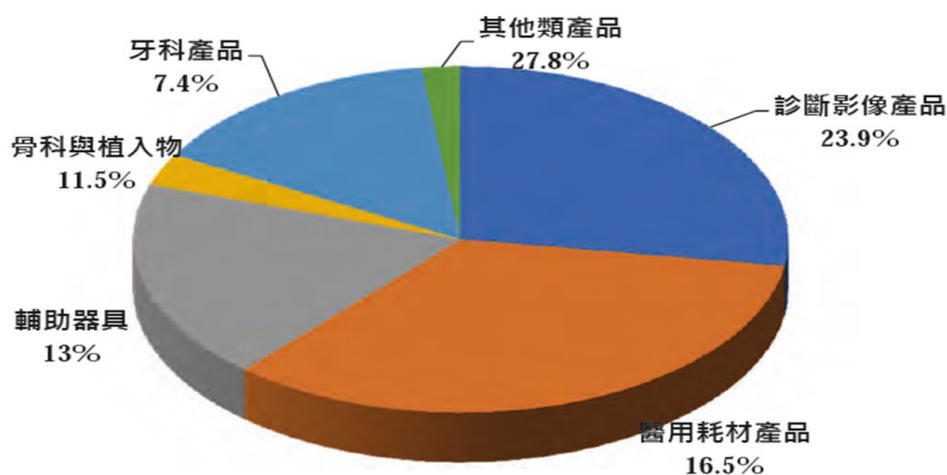
In addition, the "Association of Southeast Asian Nations" (referred to as ASEAN) is composed of ten Southeast Asian countries including Indonesia, Vietnam, Laos, Brunei, Thailand, Myanmar, the Philippines, Cambodia, Singapore, and Malaysia. In 2021, the medical equipment market in ASEAN countries will be US\$7.4 billion, accounting for about 8.0% of the Asia-Pacific market, an increase of 7.1% over 2020. Among them, Malaysia is the largest market, accounting for 25.3% of the ASEAN market, Vietnam, Thailand, and Indonesia account for 23.5%, 19.4%, and 15.6% respectively; Vietnam is the fastest growing market, with a compound annual growth rate of 9.7% from 2019 to 2023, followed by Indonesia, with a compound annual growth rate of 8.5% from 2019 to 2023, Malaysia's compound annual growth rate from 2019 to 2023 is 5.8%, and ASEAN's is 5.6%. The ASEAN medical device market is highly dependent on imports.

To sum up, the current global medical system is currently facing a shortage of medical and nursing manpower, accompanied by the pressure of transformation and improvement of service quality. Driven by this trend, the global medical cloud is gradually taking shape in Europe and the United States with the investment of major industrial companies. The smart medical care

currently being promoted around the world is to combine medical information technology with medical reform and move towards an information-driven healthcare system. The digitalization and cloudification of the medical system can improve the service and quality and make it more convenient. In the early days, medical information systems at home and abroad were often developed independently and closed, and the concept of health care in advanced countries in the world gradually shifted from traditional disease treatment to preventive medicine and health care. In the future, with the advancement of medical technology, the overall environment will change. In medical services such as medical care or health promotion, it is hoped that they can be integrated through information technology so that resources can be used effectively.

(2) Product market size

According to the subfield classification of medical equipment products of BMI Research, medical material products can be divided into medical consumables (Consumables), diagnostic imaging products (Diagnostic imaging), dental products (Dental products), orthopedic and implant products (Orthopedic and Prosthetic), assistive devices (Patient aids) and other medical products (Others), as shown in the figure.



2021 年全球醫療器材產品分布概況

資料來源：BMI，2022 年；工研院產科國際所，2022 年 4 月。

Compared with 2020, the structure of medical equipment products in 2021 will have some changes. Due to the COVID-19 pandemic in 2020, various countries have implemented relevant measures to close cities, and economic or social activities have been greatly reduced. Many non-essential or non-immediately life-threatening medical projects, such as orthopedic surgery, dental medical services, etc., are mostly canceled or delivered. At the same time, due to the crowding out of emergency medical resources, the purchase of certain specific medical materials has also been reduced.

In 2021, the demand for anti-epidemic medical materials related to COVID-19, such as gloves, masks, catheters and other medical consumables, and the demand for assistive devices such as respirators will drop significantly due to the slowdown of the epidemic, except for COVID-19 testing medical materials in response to the epidemic. The demand for disease prevention and diagnosis remains high. Most of the medical material items are gradually returning to the pre-epidemic level with the medical demand, and the market situation is gradually returning to normal.

Analyzing the sales ratio of medical equipment products in 2021, the largest single category item is diagnostic imaging products, accounting for about 23.9%, compared with 23.6% in 2020, an increase of 0.3%. Due to the long life cycle and high price of diagnostic imaging products, the replacement period of hospitals is also about 7 to 8 years longer. A few years before the outbreak, the market size of diagnostic imaging products was not as large as that of

medical consumables products; benefited from COVID-19 -19 The epidemic has driven the demand for diagnostic imaging products, and it has also driven the growth of demand for diagnostic imaging products; however, as the epidemic slows down, it is expected that such growth in procurement demand will gradually recover.

In 2021, the proportion of medical consumable products will be 16.5%, which is a significant decrease of 4.9% compared with 21.4% in 2020. Medical consumable products include bandages, dressings, suture materials, syringes, needles, catheters and other consumable products. The product is directly proportional to the number of people in medical demand, mainly due to the outbreak of the COVID-19 epidemic in 2020, and the demand for related consumables has increased significantly, prompting a rapid rise in the market for medical consumables in 2020. Although there will be a resurgence of the epidemic in 2021, most of them are mild cases, and the demand for medical consumables such as acute and severe hospitalization has dropped significantly, which will affect the product structure of medical equipment in 2021. It is expected that as the epidemic slows down in the future, the demand for medical consumables will return to normal.

Assistive devices will account for 13.0% in 2021, a decrease of 1.2% compared to 14.2% in 2020. Assistive device products include portable assistive devices such as hearing aids and pacemakers, as well as therapeutic devices including mechanical therapeutic devices and respiratory therapy devices. In 2020, the demand for critically ill ventilators has been greatly increased due to the impact of the COVID-19 epidemic, and it is facing a dilemma of insufficient supply; and as the number of acute and severe patients has declined, and the number of additional purchases is sufficient to cope with the development of the epidemic, the demand in 2021 will decrease, accounting for 2021. Then lower.

Other medical material product items include electric and manual wheelchairs, dialysis equipment, endoscopic equipment, anesthesia equipment, blood pressure monitoring products, medical furniture and ophthalmic equipment and equipment, etc., accounting for 27.8% in 2021, compared with 2020 Accounting for 27.5% increased slightly. Such products respond to the development of various diseases to meet the needs of disease treatment. Since these products belong to the basic medical equipment and consumables of hospitals, they are rapidly growing due to the demand of the epidemic. As the epidemic slows down, the growth rate also returns to the normal cycle .

It is worth noting that dental products accounted for 7.4% in 2021, an increase of 2.4% compared with 5.0% in 2020; in addition, orthopedics and implant products accounted for 11.5%, and 8.3% in 2020 In comparison, it also increased by 3.2%. For a long time, orthopedics, implants, and dental products have been the two categories with the smallest structure. Due to the COVID-19 epidemic in 2020, medical institutions have suspended non-emergency medical treatments, delaying the implementation of non-emergency operations and treatments, such as orthopedic surgery In addition, because people are worried about the risk of infection, they also spontaneously reduce unnecessary medical treatment, such as dental treatment or disposal that is not immediately life-threatening, which also affects the growth of the two major product markets that were originally small in size. After the epidemic slows down in 2021, the demand for the originally postponed dentistry and orthopedics is still there, and the related dental equipment and orthopedics markets have also grown rapidly to meet various treatment needs.

2.1.4 Competitive Advantage

A. Strength and Weakness Analysis

advantage	shortcoming
1. Technology integration	The brand awareness, trust and influence are not as good as
2. Own factory	

3. Automatic production equipment 4. IMES Smart Factory	international manufacturers, and it still needs time to ferment and take root in consumers
Chance	threaten
1. Increased demand for 5G telemedicine 2. Increased market demand for disposable medical materials 3. The trend of smart hospital construction is growing	1. Chinese counterfeits enter the market 2. New brands focus on disposable market demand

B. Countermeasures

Weaknesses and Threats	Countermeasures
The brand awareness, trust and influence are not as good as international manufacturers, and it still needs time to ferment and take root in consumers	Participate in international exhibitions Participate in exhibitions and professional society/association activities to let doctors/technicians/manufacturers in the professional field know the brand and product value of MiiS
Chinese counterfeits join the market	Defend product patents Defending the company's product patents and asserting the company's intellectual property rights through patent litigation
New brands focus on disposable market demand	Same/different industry strategic alliance Cooperate with the same industry or different industries of internationally renowned manufacturers to enhance the company's brand awareness and exposure level, and learn the technology and thinking of major manufacturers

2.2 Main Product Purpose and Production Process

2.2.1 The use of Main Products

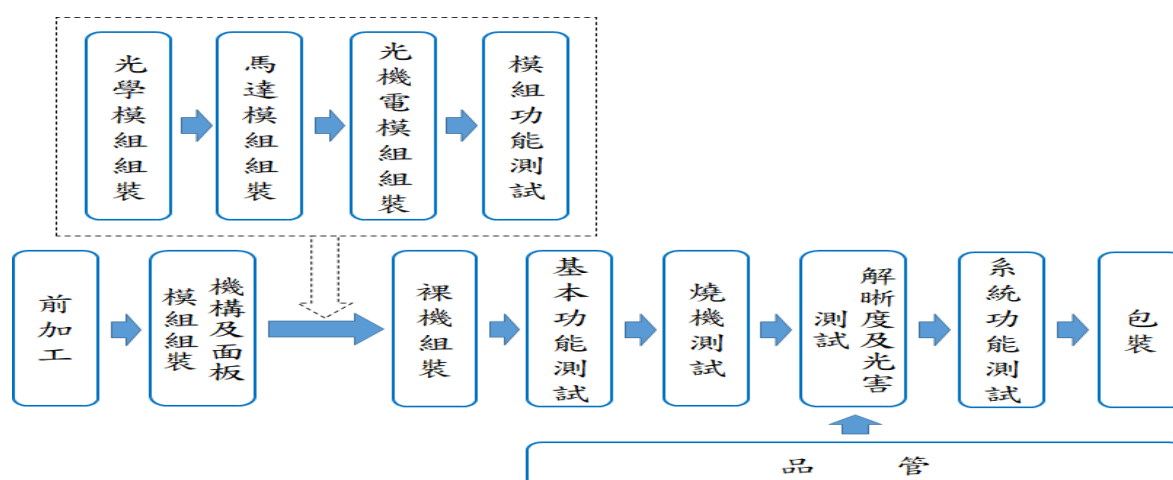
Product and Service	Description
Digital Medical Imaging Diagnosis Device	Eye, ear, nose, throat, and skin disease symptom screening and medical record management

Customer Solutions for Technical Services	Customized design and verification services for the above products
other	It is mainly the after-sales maintenance service income of the company's digital medical imaging diagnostic equipment and the sales of micro-lens modules.

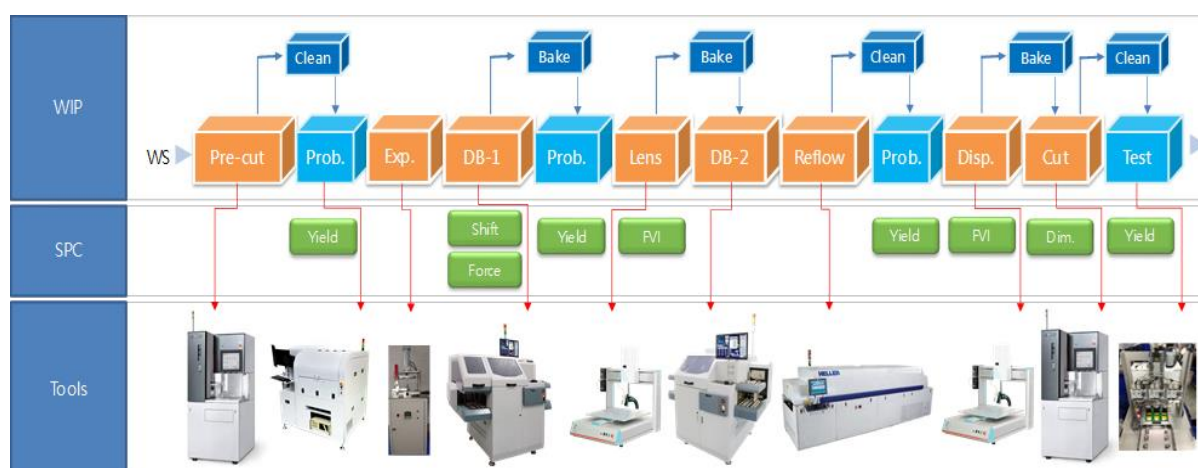
2.2.2 Main Product Purpose and Production Process

The company's main products are lens modules and hosts of various application categories. There are many optical and electronic components in raw materials and semi-finished products. The storage process must strictly control the temperature and humidity of the environment, and some manufacturing processes need to strictly control the cleanliness to achieve the finished product. The optical quality requirements, medical equipment products and lens module production process are as follows:

A. Medical equipment products:



B. Micro lens module:



2.3 The Supply of Key Raw Materials

The company's credit status is good. At the beginning of product design, the R&D personnel will screen the raw materials, and the first choice is to meet the medical material specifications and have alternative options; the raw material suppliers are mainly domestic manufacturers, and actively establish second-source suppliers. After many years of dealings with raw material suppliers, the company has established a good supply and demand relationship. For key long-term raw materials, the company will also establish safety stocks, so the source of raw material supply is stable and safe.

2.4 Name of trade partner representing more than 10% of total purchases (sales) in any of the last two years, and the amounts and percentages of purchases (sales). Describe the causes of any variation

2.4.1 Main supplier data in the last two years:

Unit: NT\$ thousands ; %

Item	2021				2022				2023Q1			
	Name	Amount	Net Annual Sales Ratio	Relationship with the issue	Name	Amount	Net Annual Sales Ratio	Relationship with the issue	Name	Amount	Net Annual Sales Ratio	Relationship with the issue
1	V06	26,872	13.13	-	V06	29,707	13.88	-	V03	4,226	10.80	-
2	other	177,847	86.87	-	other	184,301	86.12	-	other	34,908	89.20	-
	Purchase Amount	204,719	100.00	-	Purchase Amount	214,008	100.00	-	Purchase Amount	39,134	100.00	-

Reasons for increase or decrease:

There was no significant change in the purchase situation of suppliers in 2011 and 2011. In the first quarter of 2011, the V03 company was mainly due to the stocking of raw materials for a single model.

2.4.2 Main customer data in the last two years

Unit: NT\$ thousands ; %

Item	2021				2022				2023Q1			
	Name	Amount	Net Annual Sales Ratio	Relationship with the issue	Name	Amount	Net Annual Sales Ratio	Relationship with the issue	Name	Amount	Net Annual Sales Ratio	Relationship with the issue
1	Welch Allyn, Inc.	224,701	46.25	Substantial related person	Welch Allyn, Inc.	221,290	44.07	Substantial related person	Welch Allyn, Inc.	47,669	38.98	Substantial related person
2	C01	98,832	20.34	-	C10 公司	64,710	12.89	-	C17 公司	34,685	28.36	-
3	other	162,338	33.41	-	C01 公司	53,055	10.57	-	C01 公司	14,007	11.45	-
4					other	163,033	32.47		other	25,926	21.20	-
	Sales Amount	485,871	100.00	-	Sales Amount	502,088	100.00	-	Sales Amount	122,287	100.00	-

Reasons for increase or decrease:

Welch Allyn, Inc.'s performance in the past two years remained stable; C01 company's 2011 sales were mainly due to customers' active destocking, resulting in a decrease in sales amount and proportion; C10 company actively cultivated the North American market in 2011, and its products were well received. Sales amount and proportion increased; C17 company's revenue increase in the first quarter of 2012 was mainly due to the company's new product introduction and new customer development.

2.5 Production Volume and Value in the Past Two Years

Unit: thousand pieces (unit); NT\$ thousands

Major Products	2021			2022		
	Production Capacity	Yield	Output Value	Production Capacity	Yield	Output Value
Digital Medical Imaging Diagnosis Device	Note1	16,082	176,536	註 1	15,006	178,733
Customer Solutions for Technical Services	Note 2	-	-	註 2	-	-

Total	-	16,082	176,536	-	15,006	178,733
Reason for change	The company's performance has grown steadily in the past two years, and the change in output is mainly due to differences in product mix.					

Note1 : The company's products are mainly hosts and lens modules used in different departments such as ophthalmology, otolaryngology, and dermatology. There are also products customized according to customer needs. There are various types of products and different process designs. Production is based on orders, so production capacity cannot be estimated for each product.

Note 2 : The company provides customized services for digital medical imaging diagnostic devices, and there is no manufacturing process, so it is not applicable.

2.6 Sales Volume and Value in the Past Two Years

Unit: thousand pieces (unit); NT\$ thousands

Major Products	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Digital Medical Imaging Diagnosis Device	663	16,261	14,201	412,834	598	12,873	11,582	413,367
Customer Solutions for Technical Services	-	3,929	-	29,033	-	2,581	-	15,300
Other	-	857	-	22,957	-	1,144	-	56,823
Total	663	21,047	14,201	464,824	598	16,598	11,582	485,490
Reason for change	<p>1. Digital medical imaging diagnostic device: In 2021, it was mainly due to the sales growth of high unit price products in North America, so the sales value increased.</p> <p>2. Customer solutions for technical services: It changes due to the different needs of each customer and the complexity of the signed customized development service contract.</p> <p>3. Others: It is mainly the after-sales maintenance service income of the company's digital medical imaging diagnostic equipment and the sales of micro-lens modules.</p>							

3. The number of employees, average years of service, average age, and academic background in the last 2 years up till the publication date of this annual report

Unit: person ; %

Year		2021	2022	2023Q1
Number of Employees	Sales and Management	115	118	121
	Production	22	23	24
	R & D	137	141	145
Average Age		39.85	38.25	38.74
Average years of service		3.045	3.765	3.84
Acade Academic Qualification	PhD	4	5	4
	Master's Degree	55	49	50
	Bachelor's Degree	60	69	71
	High School	15	15	17
	Below High School	3	3	3

4. Expenditure on environmental protection

4.1 According to laws and regulations, who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention and control fees, or should set up a special environmental protection unit, the description of the application, payment or establishment

Factory No. 4:

The fourth factory of the company is mainly engaged in the assembly and testing of medical equipment products. The product manufacturing process will not cause pollution, and there is no need to apply for a pollution facility installation permit, a pollution discharge permit, pay pollution prevention fees, or set up special environmental protection unit personnel; the factory is abandoned. The wastes are in line with the hands-free industrial waste cleanup plan and the waste standards for free online declaration and management. However, if the regulations change in the future or the company meets the application or establishment standards, it will be handled in accordance with the relevant laws and regulations.

Factory No. 4 - 2:

The No. 4 and No. 2 factory of our company is mainly engaged in the manufacture and testing of micro-optical lens modules, key components of disposable endoscopes. Due to the small amount of waste and wastewater generated during the manufacturing process, water pollution prevention measures have been applied for in accordance with regulations. And approved by the competent authority.

4.1 List the company's investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits

1. Factory No. 4: Not applicable.
2. Factory No. 4 - 2:

2023.03.31

device name	Qty	acquisition date	cost of investment	unreduced balance	Purpose and expected benefit
Wastewater system expansion project	1Set	2020.11.16	560	303	Process wastewater from the No. 4-2 Plant is treated to meet the legal discharge standards.

In response to the requirements of environmental protection laws and regulations of the No. 4 and No. 2 Factory, it is necessary to install a wastewater system project. The main purpose is to collect and purify wastewater beforehand, and discharge the treated wastewater into the sewage system.

- 4.2 In the last two years and up to the date of publication of the annual report, the company has improved the process of environmental pollution. If there is a pollution dispute, it shall explain the process of handling it: there is no such case.
- 4.3 In the last two years and up to the publication date of the annual report, for the losses suffered by the company due to environmental pollution (including compensation and violations of environmental protection laws and regulations in the environmental protection audit results), the date of punishment, the name of the punishment, the violation of laws and regulations, the content of violations of laws and regulations, and the content of punishment should be listed), and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: there is no such situation.
- 4.4 The impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditure, and the expected major environmental protection capital expenditure in the next two years: None.

5. Employer and Employee Relationships

5.1 The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights.

1. Employee welfare measures and implementation

According to laws and regulations, enjoy labor insurance, national health insurance, and new labor pensions. The company has established an employee welfare committee, and allocates welfare funds in accordance with regulations, and organizes annual travel and dinner parties for employees. Other welfare items include annual health checks, maternity subsidies, Wedding allowance, funeral allowance, company group insurance, employee meal allowance, nursery room for female colleagues, implementation of flexible working hours, etc.

2. Leave system

Employees can ask for leave due to marriage, funeral, illness or other legitimate reasons. The leave is divided into marriage leave, personal leave, family care leave, ordinary injury and sick leave, menstrual leave, funeral leave, public injury and sick leave, maternity leave, official leave, maternity inspection leave, paternity leave and There are 12 kinds of leave, including miscarriage rest and recuperation, and the number of quasi-holidays and salary payment shall be handled in accordance with relevant laws and regulations.

3. Staff training and training

The company attaches great importance to on-the-job education and training for employees and encourages them to continue their studies. In addition to pre-employment training for new recruits, according to functional and business needs, various education and training courses are actively and regularly held, and internal training is held or applied for outside the company to enhance the professional skills of employees.

4. Retirement system and implementation

According to the new labor retirement system of the Labor Pension Act, the company's employees will allocate 6% of the total salary monthly as a pension and deposit it into the employee pension account established by the Labor Bureau.

5. The agreement between labor and management and the protection measures of various employee rights and interests

Provide channels for employees to appeal, and establish labor-management conferences to hold regular meetings in accordance with the law to maintain the smooth flow of labor-management communication channels, so that all difficulties, needs and problems of employees can be valued and properly handled by managers at all levels.

5.2 In the most recent year and up to the date of publication of the annual report, the losses suffered due to labor disputes (including labor inspection results violating the Labor Standards Law, the date of punishment, the name of the punishment, the violation of laws and regulations, the content of violations of laws and regulations, and the content of punishment should be listed), and disclosed If the estimated amount and response measures that may occur at present and in the future cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

6. Cyber security management

6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(1)The company has set up a dedicated supervisor for information security management, who is responsible for formulating company information security policies, planning information

security measures, and implementing related information security operations.

(2) Information Security Management Objectives

- A. Maintain the continuous operation of various information systems
- B. Prevent hackers, various viruses from invading and destroying
- C. Prevent improper and illegal use of human intentions
- D to prevent leakage of sensitive information
- E. Avoid human error accidents
- F. Maintain physical environment security

(3) Organization mode of operation

The information unit formulates the company's information security policy and information security operating procedures. Internal units promote the implementation and strengthen the promotion of information security policies and information security operating procedures and personnel education and training to implement the introduction and implementation of information security policies. The audit room conducts information security risks In the inspection, if missing is found, the inspected unit is required to propose relevant specific improvement practices, and the improvement results are tracked regularly.

(4) Information Security Facilities Resources and Management Methods

- A. physical security
 - a The company shall adopt appropriate access control to prevent improper access or damage to the company's electronic information assets. Important information processing equipment (host computer, network equipment, etc.) Controlled by the central control system to prevent non-company employees and unauthorized personnel from using it.
 - b. Appropriate fire-fighting equipment (such as portable fire extinguishers, smoke detectors, etc.) should be placed in the office area and the computer room.
 - c Personal computers or servers should be password-protected and locked when the computer is temporarily unused.
 - d File Server: Do not store personal or non-work related files. Each unit should always filter whether the space used by each unit on the File Server is sufficient and whether the stored files are related to work.
 - eSoftware and hardware accessories: The information unit will conduct irregular audits and checks with the asset system. If abnormalities and improper use are found, the supervisors above the central level (including) will be notified to deal with them according to reward and punishment measures.
- B. Internet security
 - a The company's important hosts, systems and network equipment should be equipped with appropriate protection mechanisms to prevent the company's computer system from being improperly accessed or damaged.
 - b. During the installation and maintenance of various information equipment (system host, network equipment, etc.), the manager should accompany the whole process, and the device password must not be handed over to the maintenance manufacturer. Manufacturer operation.
 - c. Users are not allowed to install any network-related equipment such as Modem, Hub, IP Sharer, Access Point, Switch, and Router without permission. Special needs

should be submitted in the information service system by filling out the "Computer Software and Hardware Application Form". After approval by the responsible supervisor, the information department will review and handle it.

d The company's network resources are only used for business purposes and shall not be used to engage in illegal activities. Any violations shall be punished according to the company's "Reward and Punishment Measures".

Company e may install monitoring software for network resources to reasonably monitor whether they are abused or illegally used.

f Without an application, all computers that do not log in to the company's domain/use a public account are prohibited from accessing the Internet. Filter the linked webpages at any time, and linking to pornographic websites or non-work-related webpages is strictly prohibited.

C. E-mail Confidentiality Control

a In order to prevent the company's operational secrets from leaking through emails, the information department may set up a collection, analysis, filtering and monitoring mechanism for network information and emails entering and leaving the company.

b. Employees must send and receive e-mails through the company's e-mail system, and employees are prohibited from using other non-company-issued e-mail boxes to send and receive letters.

c The use of the e-mail system is for the delivery of official and work-related matters, and the recipients are limited to relevant personnel. Please do not send spam to non-relevant personnel to avoid spam from increasing the load on the system.

D. Virus and Malware Protection

a The company's computer systems are equipped with mechanisms to prevent computer viruses and malicious software, and the computer virus codes and system vulnerabilities are automatically updated by the system control.

b Except for the legally authorized system and application software approved by the company, the use of other software is prohibited. The supervisors of each unit should ensure that the computer systems they belong to comply with the regulations and check them regularly.

c. Unknown e-mails or files should be deleted immediately, and it is not advisable to open e-mails at will.

d. If users find computer virus intrusion or system abnormality, they should report to the information unit immediately.

E. Data backup and disaster recovery methods

a The information unit should regularly back up data on the company's important file servers and databases, perform daily backups, keep complete backup data, and keep complete backup data for two weeks, and backup records should be archived for future reference.

b Backup data files should be backed up in different places, so as to be able to restore the data in the event of data loss or damage.

c. The disaster recovery method of the file server is separately stipulated according to the difference of each file system.

F. Awareness promotion and education training

Information units should regularly conduct awareness campaigns and educational training on information security for new employees.

6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts

therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : None.

7. Major Contracts

Contract Nature	Participants	Contract Start and End Dates	Major Contents	Restrictive Clauses
Technology and Patent Licensing	Industrial Technology Research Institute Foundation	2019/7/1~15 years after TFDA certification	Diabetic retinopathy artificial intelligence identification technology	NDA
Technology and Patent Licensing	Industrial Technology Research Institute Foundation	2020/2/14~15 years after TFDA certification	Smart Wound Multiple Sensing Technology	NDA
Technology and Patent Licensing	C10	2019/06/20 ~ 10 years from the first sale date	Tonometer and tonometer measurement technology	NDA
Distribution contract	Welch Allyn, Inc.	2014/6/23~5 years from the sales date of specific products	Jointly develop customized products and distribute them after mass production	NDA
Distribution contract	C15	2020/12/15 ~ 5 years after signing the contract or when the "statement of work" is completed or terminated	Jointly develop customized products and distribute them after mass production	NDA
Distribution contract	C02	2017/10/23~ until the contract is terminated by both parties or either party in accordance with the contract	Jointly develop customized products and distribute them after mass production	NDA
Distribution contract	C01	2019/02/27~2029/02/26	As the exclusive distributor of DSC 100, DSC 200, DSC 200P and other products in the telemedicine market in the US and Canada	-
Distribution contract	C01	2020/08/03~2023/08/03	Entrust the development of customized products and distribution after mass production	NDA
Distribution contract	C01	2021/03/15~2024/03/15	Entrust the development of customized products and distribution after mass production	NDA

Contract Nature	Participants	Contract Start and End Dates	Major Contents	Restrictive Clauses
Credit contract	Mega bank	2018/7~2028/7	Credit agreement for the purchase of factory buildings	Mortgage
Credit contract	Mega bank	2023/3~2024/3	Turnaround use	-
Credit contract	E-sun bank	2020/6~2023/6	Accelerated investment project loans for small and medium-sized enterprises	Mortgage
Credit contract	TCB bank	2022/7~11/27	Turnaround use	-
Credit contract	TCB bank	2023/1~13/1	Credit agreement for the purchase of factory buildings	Mortgage
land lease	SIPA	2018/7/9~2037/12/31	land lease	Bank time deposit certificate joint guarantee
land lease	SIPA	2020/06/08~2024/12/31	land lease	-
land lease	SIPA	2022/7/11~2041/12/31	land lease	Bank time deposit certificate joint guarantee
Factory Lease	SIPA	2020/1/1~2024/12/31	Plant lease	-
house lease contract	SIPA	2023/01/01~2027/12/31	Plant lease	-
real estate sales contract	Standard chartered	2022/11/23	Land transfer leasing and housing sales	-

VI. FINANCIAL INFORMATION

1. Five-Year Financial Summary

1.1 Condensed balance sheets and statements of comprehensive income- (Financial information adopted International Financial Reporting Standards) (consolidated)

1.1.1 Condensed balance sheets - (Financial information adopted International Financial Reporting Standards) (consolidated)

Unit: NT\$ thousands

Item		Financial information in the past five years					2023Q1
		2018	2019	2020	2021	2022	
Current assets		359,013	324,384	437,964	535,645	626,142	617,391
Property, plant and equipment		116,437	125,101	138,923	127,340	161,166	175,700
Intangible assets		9,261	7,706	9,845	13,028	12,137	11,523
Other assets		22,801	45,104	31,597	39,825	41,968	44,849
Total assets		507,512	502,295	618,329	715,838	841,413	849,463
Current liabilities	Before allocation	88,730	106,704	141,495	158,845	122,042	124,867
	After allocation	135,671	111,195	177,516	212,036	181,852	not assigned yet
Non current liabilities		38,625	57,568	86,526	70,872	71,221	63,032
Total liabilities	Before allocation	127,355	164,272	228,021	229,717	193,263	187,899
	After allocation	174,296	168,763	264,042	282,908	253,073	not assigned yet
Total equity attributable to owners of parent		380,157	338,023	390,308	486,121	648,150	661,564
Ordinary shares		222,328	223,528	225,128	300,062	332,277	332,337
Capital surplus		85,003	85,386	85,763	90,001	202,445	202,591
Retained earnings	Before allocation	80,548	38,390	88,023	104,976	121,804	134,831
	After allocation	33,607	33,899	38,495	51,785	61,994	not assigned yet
Total other equity interest		(7,722)	(9,281)	(8,606)	(8,918)	(8,376)	(8,195)
Treasury shares		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-

Total Equity	Before allocation	380,157	338,023	390,308	486,121	648,150	661,564
	After allocation	333,216	333,532	354,287	432,930	588,340	not assigned yet

1.1.2 Statements of comprehensive income- (Financial information adopted International Financial Reporting Standards) (consolidated)

Unit: NT\$ thousands

Item	Financial information in the past five years					2023Q1
	2018	2019	2020	2021	2022	
Operating revenues	367,853	314,504	402,473	485,871	502,088	122,287
Gross profit from operations	217,403	174,797	219,278	255,722	254,388	65,739
Net operating income	68,015	5,698	64,826	86,623	59,604	19,424
Total non operating income and expenses	6,598	(656)	(4,592)	(5,714)	27,808	(2,438)
Profit before income tax	74,613	5,042	60,234	80,909	87,412	16,986
Income (Losses) from Continuing Operations for the year	58,604	4,783	54,124	66,481	70,019	13,027
Losses from Discontinued Operations	-	-	-	-	-	-
Profit for the year	58,604	4,783	54,124	66,481	70,019	13,027
Other comprehensive income	(1,692)	(1,559)	675	(312)	542	181
Comprehensive income	56,912	3,224	54,799	66,169	70,561	13,208
Profit, attributable to Owners of parent	58,604	4,783	54,124	66,481	70,019	13,027
Profit, attributable to Non controlling interests	-	-	-	-	-	-
Comprehensive income attributable to owners of parent	56,912	3,224	54,799	66,169	70,561	13,208
Comprehensive income attributable to non controlling interests	-	-	-	-	-	-
Basic earnings per share (NT\$)	2.67	0.21	1.91	2.30	2.20	0.39

1.2 Condensed balance sheets and statements of comprehensive income- (Financial information adopted International Financial Reporting Standards) (Parent Company)

1.2.1 Condensed balance sheets - (Financial information adopted International Financial Reporting Standards) (Parent Company)

Unit: NT\$ thousands

Item		Financial information in the past five years				
		2018	2019	2020	2021	2022
Current assets		326,206	292,730	403,411	503,451	595,884
Property, plant and equipment		111,887	122,046	137,335	127,153	161,106
Intangible assets		9,261	7,706	9,845	13,028	12,137
Other assets		57,151	73,830	64,568	68,207	68,104
Total assets		504,505	496,312	615,159	711,839	837,231
Current liabilities	Before allocation	85,723	101,629	138,325	154,846	118,924
	After allocation	132,664	106,120	174,346	208,037	not assigned yet
Non current liabilities		38,625	56,660	86,526	70,872	70,157
Total liabilities	Before allocation	124,348	158,289	224,851	225,718	189,081
	After allocation	171,289	162,780	260,872	278,909	not assigned yet
Total equity attributable to owners of parent		-	-	-	-	-
Ordinary shares		222,328	223,528	225,128	300,062	332,277
Capital surplus		85,003	85,386	85,763	90,001	202,445
Retained earnings	Before allocation	80,548	38,390	88,023	104,976	121,804
	After allocation	33,607	33,899	38,495	51,785	not assigned yet
Total other equity interest		(7,722)	(9,281)	(8,606)	(8,918)	(8,376)
Treasury shares		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total Equity	Before allocation	380,157	338,023	390,308	486,121	648,150
	After allocation	333,216	333,532	354,287	432,930	not assigned yet

1.2.2 Statements of comprehensive income- (Financial information adopted International Financial Reporting Standards) (Parent Company)

Unit: NT\$ thousands

項目	Financial information in the past five years				
	2018	2019	2020	2021	2022
Operating revenues	370,507	286,012	386,756	481,050	489,038
Gross profit from operations	214,509	167,025	208,193	250,384	246,059
Net operating income	82,651	16,456	65,225	91,210	63,063
Total non operating income and expenses	(8,066)	(11,414)	(4,991)	(10,301)	24,349
Profit before income tax	74,585	5,042	60,234	80,909	87,412
Income (Losses) from Continuing Operations for the year	58,604	4,783	54,124	66,481	70,019
Losses from Discontinued Operations	-	-	-	-	-
Profit for the year	58,604	4,783	54,124	66,481	70,019
Other comprehensive income	(1,692)	(1,559)	675	(312)	542
Comprehensive income	56,912	3,224	54,799	66,169	70,561
Profit, attributable to Owners of parent	58,604	4,783	54,124	66,481	70,019
Profit, attributable to Non controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent	56,912	3,224	54,799	66,169	70,561
Comprehensive income attributable to non controlling interests	-	-	-	-	-
Basic earnings per share (NT\$)	2.67	0.21	1.91	2.30	2.20

1.3 CPAs and their auditing opinions in the past five years

Auditing Year	Accounting Firm	CPAs	Opinions
2018	PwC	LIN,YU-KUAN, LI,DIAN-YI	Unqualified Opinion
2019	PwC	LI,DIAN-YI, LIN,YU-KUAN	Unqualified Opinion
2020	PwC	LI,DIAN-YI, LIN,YU-KUAN	Unqualified Opinion
2021	PwC	LI,DIAN-YI, LIU,QIAN-YU	Unqualified Opinion

2022	PwC	LI,DIAN-YI, LIU,QIAN-YU	Unqualified Opinion
2023Q1	PwC	CHIANG, TSAI-YEN, LIU,QIAN-YU	Unqualified Opinion

2. Financial analysis in the past five years

2.1 Financial analysis for consolidated report

Item		Financial analysis in the past five years					2023Q1
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	25.09	32.70	36.88	32.09	22.97	22.12
	Ratio of long-term capital to Property, plant and equipment	359.66	316.22	343.24	437.41	446.35	412.41
Solvency (%)	Current ratio	404.61	304.00	309.53	337.21	513.05	494.44
	Quick ratio	300.10	206.12	231.55	240.44	373.84	356.66
	Times interest earned	541.67	4.72	47.98	79.32	62.73	56.33
Operating ability	Account receivable turnover (times)	4.74	4.66	3.94	3.56	4.06	5.73
	Days sales in accounts receivable	77	78	93	103	90	64
	Inventory turnover (times)	1.93	1.39	1.63	1.72	1.50	1.25
	Account payable turnover (times)	11.65	12.44	10.87	10.14	9.54	9.36
	Average days in sales	189	263	224	212	243	292
	Property, plant and equipment turnover (times)	5.39	2.60	3.05	3.65	3.48	2.90
	Total assets turnover (times)	0.80	0.62	0.72	0.73	0.64	0.58
Profitability	Ratio of return on total assets (%)	12.72	1.16	9.84	10.09	9.14	5.05
	Ratio of return on equity (%)	16.06	1.33	14.86	15.17	12.35	7.96
	Ratio of profit before tax to Paid-in capital (%)	33.56	2.26	26.76	26.96	26.31	20.44
	Profit ratio (%)	15.93	1.52	13.45	13.68	13.95	10.65
	Earnings per share (\$)	2.67	0.21	1.91	2.30	2.20	0.39
Cash flow (%)	Cash flow ratio	115.73	(12.49)	39.45	28.93	92.00	7.29
	Cash flow adequacy ratio	56.37	38.00	51.52	47.58	58.74	55.68
	Cash reinvestment ratio	16.98	(15.61)	10.27	5.44	7.53	1.15
Leverage	Degree of operating leverage	2.79	26.07	3.33	2.86	4.12	3.51
	Degree of financial leverage	1.00	1.31	1.02	1.01	1.02	1.02

1. Financial structure:

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant & equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.

2. Solvency:

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

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

(3) Interest coverage ratio = income before tax and interest expense / interest expense in the current period.

3. Operating ability:

(1) Receivable turnover rate(including accounts receivable and notes receivable due to businesses) = net sales / average balance of receivable (including accounts receivable and notes receivable due to businesses) for each period.

(2) Days to collect accounts receivable = 365 / receivable turnover rate.

(3) Inventory turnover rate = cost of goods sold / average inventory.

(4) Payable turnover rate(including accounts payable and notes payable due to businesses) = cost of goods sold / average balance of payables (including accounts payable and notes payable due to businesses) for each period.

(5) Average days to sell inventory = 365 / inventory turnover rate.

(6) Property, plant and equipment turnover rate = Net sales / Average net worth of property, plant and equipment.

(7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability:

(1) Return on assets = [net income(loss) after-tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = Net income (loss) after tax / Average total equity.

(3) Net profit rate = Net income(loss)after-tax / net sales.

(4) Earning per share= (Profit or loss attributable to owners of the Company - Preference dividends)/weighted average number of shares outstanding.

5. Cash flow:

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

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.

(3) Cash flow reinvestment ratio = (Cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Balance:

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Income from operations.

(2) Financial leverage = Income from operations / (income from operations - Interest expense).

2.2 Financial analysis for separate report

Item		Financial analysis in the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets	24.65	31.89	36.55	31.71	22.58
	Ratio of long-term capital to Property, plant and equipment	374.29	323.39	347.21	438.05	445.86
Solvency (%)	Current ratio	380.53	288.04	291.64	325.13	501.06
	Quick ratio	285.80	190.97	215.53	232.07	364.49
	Times interest earned	541.47	5.08	50.86	81.51	67.68
Operating ability	Account receivable turnover (times)	5.39	4.18	4.00	3.63	3.89
	Days sales in accounts receivable	68	87	91	101	94
	Inventory turnover (times)	2.19	1.44	1.76	1.84	1.56
	Account payable turnover (times)	11.48	11.41	10.77	10.14	10.33
	Average days in sales	167	253	207	198	234
	Property, plant and equipment turnover (times)	5.88	2.45	2.98	3.64	3.39
	Total assets turnover (times)	0.81	0.57	0.70	0.73	0.63
Profitability	Ratio of return on total assets (%)	12.84	1.15	9.91	10.14	9.18
	Ratio of return on equity (%)	16.06	1.33	14.86	15.17	12.35
	Ratio of profit before tax to Paid-in capital (%)	33.55	2.26	26.76	26.96	26.31
	Profit ratio (%)	15.82	1.67	13.99	13.82	14.32
	Earnings per share (\$)	2.67	0.21	1.91	2.30	2.20
Cash flow (%)	Cash flow ratio	116.76	(11.20)	37.83	29.25	94.45
	Cash flow adequacy ratio	64.23	43.20	53.06	51.70	57.71
	Cash reinvestment ratio	16.46	(15.24)	9.66	5.39	7.60
Leverage	Degree of operating leverage	2.49	8.55	3.17	2.70	3.83
	Degree of financial leverage	1.00	1.08	1.02	1.01	1.02

1. Financial structure:

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant & equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.

2. Solvency:

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

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

(3) Interest coverage ratio = income before tax and interest expense / interest expense in the current period.

3. Operating ability:

- (1) Receivable turnover rate(including accounts receivable and notes receivable due to businesses) = net sales / average balance of receivable (including accounts receivable and notes receivable due to businesses) for each period.
- (2) Days to collect accounts receivable = 365 / receivable turnover rate.
- (3) Inventory turnover rate = cost of goods sold / average inventory.
- (4) Payable turnover rate(including accounts payable and notes payable due to businesses) = cost of goods sold / average balance of payables (including accounts payable and notes payable due to businesses) for each period.
- (5) Average days to sell inventory = 365 / inventory turnover rate.
- (6) Property, plant and equipment turnover rate = Net sales /Average net worth of property, plant and equipment.
- (7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability:

- (1) Return on assets = [net income(loss) after-tax + interest expense \times (1 - tax rate)] / average total assets.
- (2) Return on equity = Net income (loss) after tax / Average total equity.
- (3) Net profit rate = Net income(loss)after-tax / net sales.
- (4) Earning per share= (Profit or loss attributable to owners of the Company - Preference dividends)/weighted average number of shares outstanding.

5. Cash flow:

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash flow reinvestment ratio = (Cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Balance:

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Income from operations.
- (2) Financial leverage = Income from operations / (income from operations - Interest expense).

3. Audit Committee's Review Report in the most recent years: Please refer to Appendix 2.

4. Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries in the most recent years: Please refer to Appendix 3.

5. Separate Financial Statements and Report of Independent Accountants in the most recent years: Please refer to Appendix 4.

6. Financial difficulties faced by the Company and the related party in the most recent years and up to the date of the annual report printed: None.

VII. REVIEW OF FINANCIAL POSITION, MANAGEMENT PERFORMANCE AND RISK MANAGEMENT

1. Financial position

List the main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. (Consolidated)

Unit: NT\$ thousands

項目	2021	2022	Difference	
			Amount	%
Current assets	535,645	626,142	90,497	16.89
Property, plant and equipment	127,340	161,166	33,826	26.56
Right-of-use asset	16,287	21,443	5,156	31.66
Intangible assets	13,028	12,137	(891)	(6.84)
Other assets	23,538	20,525	(3,013)	(12.80)
Total assets	715,838	841,413	125,575	17.54
Current liabilities	158,845	122,042	(36,803)	(23.17)
Non current liabilities	70,872	71,221	349	0.49
Total liabilities	229,717	193,263	(36,454)	(15.87)
Ordinary shares	300,062	332,277	32,215	10.74
Capital surplus	90,001	202,445	112,444	124.94
Retained earnings	104,976	121,804	16,828	16.03
Non-controlling interest	(8,918)	(8,376)	542	(6.08)
Other equity	-	-	-	-
Total Equity	486,121	648,150	162,029	33.33
<p>Explain the item that change amount up to 20%</p> <ol style="list-style-type: none"> 1. Increase in property, plant and equipment: mainly due to the purchase of plant real estate and machinery and equipment for business use. 2. Decrease in current liabilities: mainly due to the repayment of short-term borrowings. 3. Increase in capital reserve: mainly due to the pre-listing cash capital increase. 4. Increase in total equity: mainly due to cash capital increase before listing and annual settlement surplus. 				

2. Financial performance

- 2.1 List the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor. (Consolidated)

Unit: NT\$ thousands

Item	2021	2022	Difference	(%)
Operating revenues	485,871	502,088	16,217	3.34
Operating costs	230,149	247,700	17,551	7.63
Gross profit from operations	255,722	254,388	(1,334)	(0.52)
Operating expenses	169,099	194,784	25,685	15.19
Net operating income	86,623	59,604	(27,019)	(31.19)
Total non operating income and expenses	(5,714)	27,808	33,522	586.66
Profit before income tax	80,909	87,412	6,503	8.04
Income tax expenses	14,428	17,393	2,965	20.55
Profit	66,481	70,019	3,538	5.32
Total comprehensive profit	66,169	70,561	4,392	6.64
Explain the item that change amount up to 20% :				
1. The decrease in operating net profit was mainly due to the large investment in research and development of new products.				
2. The increase in non-operating income was mainly due to the benefits of foreign currency exchange.				

- 2.2 Provide a sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response.

The sales volume and amount are based on comprehensive considerations such as the company's annual sales target, market demand and development trends, customer operating conditions, and the company's current order status, as well as the company's production capacity. It is estimated that the company's performance will be stable The growth trend has no significant impact on future financial business.

3. Cash flow

- 3.1 Describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity

Unit: NT\$ thousands

Item	2021	2022	Difference
Net cash flows from (used in) operating activities	45,952	112,280	66,328

Net cash flows from (used in) investing activities	(19,825)	(102,120)	(82,295)
Net cash flows from (used in) financing activities	23,691	40,359	16,668
Analysis of deviation :			
1. Operating activities: mainly due to the collection of accounts receivable from related parties and the increase in inventory and accounts payable due to the stocking of products required to meet orders.			
2. Investing activities: mainly due to the increase in time deposits and the acquisition of real estate, plant and equipment.			
3. Financing activities: mainly due to the pre-listing cash capital increase, cash dividend distribution and short-term borrowing reduction.			

3.1.1 Insufficient liquidity improvement plan:None.

3.2 Cash flow analysis for the coming year (Year 2023)

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Flow from Investing Activities (3)	Estimated Net Cash Flow from Financing Activities (4)	Cash Surplus (1)+(2)+(3)+(4)	Preparation for Liquidity Shortfall	
					Investment Plans	Financing Plans
275,110	94,759	(142,293)	36,381	263,957	Not applicable	Not applicable
1. Analysis of cash flow changes in the coming year:						
(1) Operating activities: mainly due to net cash inflows from estimated revenue and profit growth.						
(2) Investment activities: Mainly, it is estimated that the purchase of factory buildings and production machines will result in net cash outflows from investment activities.						
(3) Financing activities: mainly due to the estimated increase in bank borrowings and the distribution of cash dividends for 2011, presenting a net cash inflow.						
2. Remedial measures and flow analysis of estimated cash insufficiency: There is no estimated cash insufficiency.						

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year : None.

5. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

5.1 Reinvestment policy, main reasons for its profit or loss, improvement plan

(1)The company's reinvestment is based on the development of the medical equipment industry as the main axis, and the reinvestment layout is carried out based on factors such as domestic

and overseas market operation growth needs or future development. The organizational type, location, and market conditions of the reinvestment business are based on the investment target. As the basis for investment decisions, the relevant executive departments follow the internal control "investment cycle" and "procedures for asset acquisition or disposal" to implement investment-related matters.

- (2) At present, all reinvested enterprises are 100% invested subsidiaries, and the supervision and management of subsidiaries have been stipulated in the internal control system to regularly monitor the operation status of subsidiaries.

Unit: NT\$ thousands

Ownership of Shares in Affiliated Enterprise	Original investment amount	Investment policy	Current profit and loss of the invested company	The main reason of profit or loss	Improvement plan
Medview Investments Limited	34,120	Invest in third place holding companies	(3,315)	The investment loss of Dongguan was recognized.	Strengthen product sales and seek customized
Medimaging Integrated Solution Inc.(Dongguan)	34,120	Engaged in the manufacture and sale of medical equipment	(3,315)	The loss was mainly due to the fact that the sales did not reach the economies of scale.	production or OEM opportunities for local medical equipment manufacturers.

5.1 Investment plan for the coming year

In the next 10 years, the company will launch new product layouts one after another, see business opportunities in precision medicine and minimally invasive surgery, and devote itself to the development of disposable endoscopes and their key components, micro-lens modules. Therefore, the investment plan mainly focuses on the development needs of upstream and downstream integration of the industry, as of the publication date of this disclosure statement, the board of directors has approved the establishment of a subsidiary specializing in the manufacture and sale of micro-lens modules, and is currently applying for investment from the Hsinchu Science Park Administration.

6. Risk analysis and evaluation in recent years and up to the date of the annual report printed

6.1 The impact of interest rate, exchange rate, and inflation on the Company's income and expense and the responsive measures

Unit: NT\$ thousands

Item	2021		2022	
	Amount	%	Amount	%

Net Interest income	364	0.07	1,405	0.28
Net Interest expense	1,033	0.21	1,416	0.28
Exchange gain (loss)	(5,084)	(1.05)	26,609	5.30

6.1.1 The impact of interest rate on the Company's income and expense and the responsive measures

The company's operations are primarily funded by its own capital, with bank borrowings serving as a supplementary source. As a result, the interest expenses are limited. Bank loans are mainly obtained for the construction of plants and the purchase of machinery and equipment, using medium to long-term secured loans. Currently, the overall interest rate in the financial market remains at an acceptable level, and therefore, it is anticipated that future interest rate fluctuations will not have a significant impact on the company's profitability. The company continues to actively establish and maintain a good relationship with banks in order to stay informed about interest rate changes and obtain more favorable rates to meet the company's future funding needs.

6.1.2 The impact of exchange rate on the Company's income and expense and the responsive measures

The impact of exchange rate fluctuations on the company's profit and loss mainly arises from the exposure of foreign currency assets to exchange rate volatility. As the company's products are primarily exported, exchange rate movements have a certain impact on the company. To mitigate the risk of exchange rate fluctuations, the company's financial personnel will continue to monitor the trends of major currencies in the international foreign exchange market and the international changes influenced by non-economic factors. This enables them to promptly grasp the exchange rate trends and adjust foreign currency positions in the spot market as needed to reduce the negative impact of exchange rate fluctuations.

6.1.3 The impact of inflation on the Company's income and expense and the responsive measures

The company's products are not ordinary consumer goods, and in the past, their profitability has not been significantly affected by inflation. In the future, the company will closely monitor market price fluctuations and adjust procurement strategies and product prices in a timely manner to mitigate the impact of inflation.

6.2 Conducting high-risk and high-leverage investment, granting loans to others, endorsement & guarantee and directives policy, root cause of profit and loss, and the responsive measures

6.2.1 The company focuses on its core business and follows a conservative and prudent financial policy. As of the end of the fiscal year 111 and the publication date of this disclosure, the company has not engaged in high-risk or highly leveraged investments.

6.2.2 If the company intends to engage in activities such as lending funds to others, endorsing guarantees, or engaging in derivative transactions, it will follow the company's "Operating Procedures for Lending Funds to Others," "Operating Procedures for Endorsements and Guarantees," and "Procedures for Acquisition or Disposal of Assets," as well as relevant laws and regulations. As of the most recent fiscal year and the publication date of this disclosure, the company has not been involved in any endorsements, guarantees, lending of funds, or derivative transactions.

6.3 R&D plans and budgeted R&D expense

The company firmly believes that continuous innovation and research and development are the fundamental sources of revenue and profitability. Since its establishment, the company has been oriented towards innovation and research and development. In the past five years, the ratio of research and development expenses to net operating income has consistently exceeded 20%. In the future, the company will continue to focus on its own brands and customized digital medical imaging diagnostic products, as well as its CDMO contract manufacturing business. The projected research and development expenses will be allocated to specific product development projects. In the year 2023, it is expected that the research and development expenses will account for more than 20% of net revenue. In addition to strengthening the technical expertise and talent of our research and development team, we will also continue to invest in new equipment, new technologies, and new product development to ensure the company's competitive advantage.

Unit: NT\$ thousands					
Year	2018	2019	2020	2021	2022
R & D expense	76,688	104,421	100,741	107,591	126,131
Net operating income	367,853	314,504	402,473	485,871	502,088
%	20.85	33.2	25.03	22.14	25.12

6.4 The impact of domestic and international policies and law change on the Company's finance and the responsive measures

In light of the current government's important policies and legal changes, the company has made appropriate adjustments and arrangements, which have had no significant impact on the company's financial operations. The company has always adhered to domestic and international regulatory requirements, and the dedicated personnel of the company and its overseas subsidiaries constantly gather information on policy and legal changes, consulting relevant professionals, and providing references to the management. In the recent fiscal year and up to the date of this public disclosure, the company has not experienced any financial implications due to significant policy and legal changes, both domestically and internationally.

6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

Our company is dedicated to innovation in technology and product development, aiming for sustainable business operations. We have a Strategy Planning Office that constantly monitors technological changes in relevant industries. We also have a Regulatory Affairs Department that tracks domestic and international medical device regulations in real-time. Additionally, we maintain connections with renowned institutions, medical centers, and healthcare facilities both domestically and internationally, allowing us to access the latest technology needs, development trends, and industry dynamics in the medical and biotechnology sectors. This enables us to evaluate the impact on our company's future development and financial operations, and make appropriate product planning and responsive measures.

In recent times, mature markets such as the United States and the European Union have made updates to medical device regulations. These updates not only expand the scope of medical device management but also strengthen quality and safety management standards while improving product traceability systems. Software is also being included in the regulatory framework. As a result, in future product planning and decision-making, companies in this industry must consider the effectiveness of medical device software usage and information security issues. This will increase the development and market entry costs of new medical devices, thereby impacting profitability. Furthermore, international standards and specifications

for medical devices (ISO) are moving towards stricter regulations, continuously raising the requirements for product precision. These stringent regulations will also increase product development and production costs for manufacturers. To address these changes, our company will strengthen our product regulatory certification team and cultivate professional talents. To enhance information security management, our company has established the "Internal Control System for Information Security Inspections" and "Computer Operations and Information Provision Measures" to ensure the confidentiality, integrity, and availability of our information assets. This provides an information environment for the continuous operation of our information business, protecting it from intentional or accidental threats, both internal and external. In the recent year, there have been no significant impacts on our financial operations due to technological changes, including information security risks, or industry changes.

6.6 The impact of industrial image change on business risk management and the responsive measures
Our company adheres to a policy of integrity and excellence in quality, and through the dedicated efforts of all employees, we pursue steady and sound business practices while fulfilling our corporate social responsibilities. We strive to establish and maintain a strong corporate image, which has earned us long-term trust and recognition from our customers. As a result, there are currently no significant incidents in our crisis management due to changes in our corporate image.

6.7 The expected effect, potential risk, and responsive measures of merger: None.

6.8 The expected effect, potential risk, and responsive measures of plant expansion

In order to develop imaging sensing products and disposable endoscopes, our company has been leasing the Standard Factory Building (Workshop 42) of the Hsinchu Science Park Administration, Ministry of Science and Technology, since April 2019. This facility is used for research and development as well as mass production of related imaging sensing components, aiming to diversify our medical imaging applications and increase the company's sources of profit. Furthermore, the National Development Council has approved the renewal project for the third, fourth, and fifth phases of the Standard Factory Buildings in the Hsinchu Science Park Administration on January 25, 2021. Workshop 42, being located in the third-phase factory buildings leased from the park administration, has a lease agreement that expires on December 31, 2024. To avoid any potential impact on the production plans for endoscopes and micro-modules, the company intends to proactively plan a relocation project, acquire the office space in the Park's Zone 2, move the original office area from Workshop 4 to Zone 2, and expand Workshop 4 into a fully automated medical device assembly plant. This is to ensure early preparation for the relocation schedule and mitigate uncontrollable factors such as resetting costs.

In addition to expanding our own production capacity to meet industry growth, we also maintain long-term cooperative relationships with outsourced manufacturers. By adjusting the utilization of production capacity, we believe we can effectively respond to future business cycles and changes in product demand, ensuring the protection of shareholders' interests.

6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

6.9.1 Our company primarily sources its main materials from domestic suppliers, and we maintain long-term stable partnerships with our existing suppliers. We also keep appropriate safety stock of key raw materials to be prepared for unforeseen events or force majeure circumstances. In the future, while considering factors such as procurement costs, quality, and risk diversification, we will continue to seek new high-quality suppliers to avoid concentration of purchases from a single source. Based on the above, our company currently faces no significant risks related to concentrated procurement or unstable supply sources.

6.9.2 In the fiscal years 2021 and 2022, our company's revenue from a single customer, Welch Allyn, Inc., accounted for 46.25% and 44.07% respectively. Welch Allyn, Inc., along with its ultimate parent company Baxter International Inc. (NYSE: BAX), is a world-class leader in the medical device industry. Their brand and products enjoy a certain level of customer loyalty and economies of scale. Although this customer represents a significant proportion of our company's revenue, we have established ourselves as a long-term strategic partner to Welch Allyn, Inc. through our innovative technology, excellent quality, and customized services. We maintain a cooperative and strong relationship with them. Additionally, medical device product certification involves certain regulatory challenges. Once a product certification is approved, it is not easy for customers to change suppliers or related designs, resulting in more stable sales.

On the other hand, our company is actively developing new products in different application areas, such as disposable endoscopes and our proprietary brand Horus SCOPE, and expanding sales channels for these products. We are also exploring new customer sources with internationally renowned brands in the CDMO (Contract Development and Manufacturing Organization) field to diversify the risk of concentrated sales. In summary, we believe that our efforts can mitigate the risk of sales concentration on a single customer.

6.10 The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures:None.

6.11 The impact of right to operate change on the Company, the risk, and the responsive measures : None.

6.12litigious and non-litigious matters

6.12.1 If the company has significant lawsuits, non-litigation disputes, or administrative legal proceedings that have been adjudicated or are currently pending, and their outcomes may have a significant impact on shareholders' equity or the securities price, the company should disclose the following information: the facts of the dispute, the amount in dispute, the commencement date of the litigation, the major parties involved in the litigation, and the status of the proceedings as of the date of the annual report's printing.

China's Suzhou MicroClear Medical Devices Co., Ltd. (hereinafter referred to as "Suzhou MicroClear") has been selling products in China that bear a resemblance to our company's products in terms of appearance and design. Our company is committed to protecting our product patents and intellectual property rights. Since 2015, we have filed patent infringement lawsuits against Suzhou MicroClear. In response, Suzhou MicroClear has initiated invalidation proceedings against our patents, namely "Lens Module and Fundus Camera," "Mainframe, Optical Lens Module, and Digital Diagnostic System Composed Thereof," and "Fundus Camera," in the local Chinese courts.

After a review by the Chinese National Intellectual Property Administration, our patents were declared invalid. However, we have contested this decision and continue to appeal to the Intellectual Property Court. Currently, the appeals for the "Lens Module and Fundus Camera" and "Fundus Camera" patents have been unsuccessful in the first instance, while the appeal for the "Mainframe, Optical Lens Module, and Digital Diagnostic System Composed Thereof" patent was unsuccessful in both the first and second instances. After evaluating the costs of litigation, the advantages of the host country, and the related implications, we have decided not to pursue further appeals.

Based on an assessment of the litigation results, we do not expect any significant impact on shareholders' equity or the securities price.

6.12.2 Companies should disclose the facts, amounts involved, commencement dates of litigation,

non-litigation, or administrative disputes that have been adjudicated or are currently pending involving directors, supervisors, general managers, actual responsible persons, major shareholders holding more than 10% of the shares, and subsidiary companies. Such legal actions may have a significant impact on shareholders' equity or securities prices. The disclosure should include the current status of the cases up to the date of the annual report's printing and the main parties involved in the disputes

The aforementioned cases involved the defense of the company's product patents and the protection of intellectual property rights against the invalidation claims brought by Suzhou Microclear. After going through the process of reexamination and appeals, the final outcome was unfavorable, resulting in the company's defeat in these cases. However, considering the lower effectiveness and price of Suzhou Microclear's products, which created a differentiation from the company's products, it has been assessed that these cases will not have a significant impact on the shareholders' equity or securities prices. Therefore, the company has decided to abandon the appeals.

6.13 other significant risks and responsive measures

6.13.1 Risks of medical device research and development and the impact on financial business if R&D fails

Medical devices are classified into three categories based on their risk level: Class I for low-risk products, Class II for moderate-risk products, and Class III for high-risk products. Currently, our company's products are distributed in Class I medical devices (such as otoscopes, dermatoscopes, etc.) and Class II medical devices (such as ophthalmoscopes, tonometers, slit lamps, etc.). Class I products have low risk, and therefore, there is minimal risk of product development failure. Class II products pose moderate risk and involve uncertainties such as long research and development timelines, varying regulatory certifications in different countries, and significant capital investment. The availability of reliable funding sources and an experienced certification team significantly influence the research and development outcomes. Repetitive modifications or failures during the product development process can increase R&D expenses and subsequently impact the company's profitability. Class III medical devices, which are high-risk products, have been evaluated by the company, and for now, we have decided not to enter into product development in this category.

Countermeasures:

- (1) To enhance our research and development (R&D) capabilities, we have actively recruited a development team with extensive experience in medical device R&D. Additionally, we collaborate closely with external consultants, renowned clinical physicians from domestic and international hospitals, as well as internationally recognized medical device distributors or customers. These collaborations allow us to tap into their expertise and insights, ensuring that our R&D efforts align with market needs and industry trends. Furthermore, we have established an internal regulatory certification department to oversee the certification process in different countries. This department closely monitors the progress and status of certification procedures, enabling us to proactively address any issues that may arise. By doing so, we aim to increase the success rate of our R&D outcomes and obtain certifications from various countries for our products.
- (2) Based on our financial situation, the company will raise operating capital through appropriate means such as cash capital increase, applying for bank credit facilities, or seeking strategic partners. These measures will enable us to secure the necessary funds for our operations. Additionally, they may also create opportunities for expanding business partnerships or engaging in collaborative R&D projects for developing new medical devices.

6.13.2 Information security risk assessment analysis and countermeasures

With the increasing development of the internet, malicious cyber attacks have become more prevalent, and even large corporations have fallen victim to hacking incidents. In order to ensure the security and control of our company's information systems and network data transmission, we have comprehensively revised the internal control system for "Information Security Inspection and Control" based on the guidelines for information and communication security management of listed and over-the-counter companies. This revision was approved by the board of directors on November 9, 2022.

In addition, we regularly educate our employees on information security to reduce the risk of falling into phishing traps and to enhance their awareness of security. We also keep a close eye on information security news and periodically review the suitability and security of the software we use.

As of the most recent fiscal year and up until the printing date of the annual report, the company has not identified any significant network attacks or security incidents that have had or may have a significant adverse impact on our business and operations.

6.13.3 Operational Risks and Countermeasures

(1) Product risk

Our main products include digital otoscope sets, disposable endoscopes, and related components such as miniature camera modules, as well as AI interpretation software. The main risks associated with these products are the need to provide clear and stable medical images to healthcare professionals and reliable computational results. Poor product design could potentially lead to misinterpretation by healthcare professionals, resulting in inaccurate diagnoses and delayed treatment. Additionally, if the product materials are of poor quality, as they come into contact with the human body during use, they may cause allergies or discomfort.

Countermeasures:

Our company has recruited a development team with extensive experience in medical device research and development. We closely collaborate with external consultants, renowned clinical physicians from domestic and international hospitals, as well as internationally recognized medical device agents or customers. Our products undergo reliability testing, light hazard testing, biocompatibility testing, and even clinical trials with healthcare institutions to ensure product safety and reliability and minimize the probability of occurrence of harm.

(2) Development and Certification Risks

The majority of our company's main products belong to Class II medical devices, which are classified as moderate risk. They entail uncertainties such as long research and development timelines, varying regulatory requirements across different countries, and significant capital investment. The availability of reliable funding sources and an experienced certification team are crucial factors that can impact the outcomes of our research and development efforts. Repetitive modifications or failures during the product development process can lead to increased R&D expenses and consequently affect the company's profitability.

Countermeasures:

The company has an internal Product Management department responsible for controlling project development timelines. In case of any delays, the matter is escalated to higher levels for review, cross-department coordination, and issue resolution to bring the project back on track. Additionally, the department manages project costs and performs cost analysis for product development. The company has also established a Regulatory Certification department to handle certification-related tasks for different countries. During the early stages of product development, certification plans are formulated based

on the product attributes. The department stays updated on regulatory changes, monitors the progress and status of certifications, and takes necessary measures to ensure a high success rate in obtaining certifications from various countries.

(3) Patent

After experiencing high growth in the electronics industry, many companies have leveraged their past experiences to enter the medical equipment industry. While this has stimulated the industry's vibrant development, it has also led to numerous issues of patent infringement during the research and development process. Some companies may even resort to using patent infringement lawsuits as a strategic tool to disrupt the development of their competitors. Therefore, as our company continues to expand its operations, the possibility of facing patent infringement from competing firms or being subjected to patent infringement lawsuits increases. This represents a risk and challenge to our company's development.

Countermeasures:

Since its establishment, our company has been dedicated to research and development. To avoid infringement, our R&D personnel are required to conduct patent technology searches and analyses during the initial stages of product development. This helps identify the scope and risks associated with the product or technology. To ensure that our R&D achievements are not infringed upon by competitors, the inventors draft the patent application. After internal review meetings within the company, patent application proposals are submitted to obtain intellectual property protection. As of the date of this disclosure, our company has been granted multiple patents domestically and internationally. We are also continuously filing new patent applications for review to safeguard our rights and research achievements.

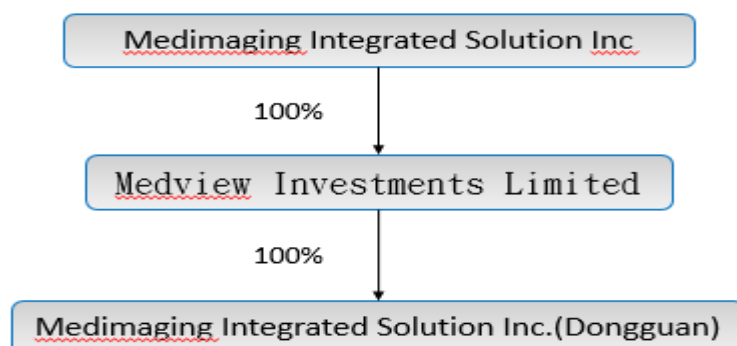
7. Other important events : None.

VIII. SPECIAL DISCLOSURES

1. Summary of Affiliated Companies

1.1 The consolidated business report: Please refer to Appendix 3.

1.1.1 Organizational Chart of Affiliated Companies



1.1.2 Basic Information of Each Affiliated Company

Unit: Thousand Original Currency

Company Name	Date of Establishment	Address	Paid-up Capital	Main Business Or Production Items
Medview Investments Limited	2014.1.15	P.O. Box 217, Apia Samoa	USD 1,100	Investment Holdings
Medimaging Integrated Solution Inc.(Dongguan)	2014.9.24	Room 501, 5th Floor, Building 5, Guan-Tai Biotechnology Cooperation Incubation Center, No. 1 Taoyuan Road, Dongguan Songshan Lake High-tech Industrial Development Zone.	RMB7,000	Manufacturing and Sales of Digital Medical Imaging Diagnostic Equipment

1.2 According to Article 369-3 of the Company Act, it is presumed that there is no controlling or subsidiary relationship among entities with the same shareholders:None.

1.3 Industries Covered and Division of Labor within the Overall Business Operations of the Affiliated Companies

1.3.1 Industries Covered by the Overall Affiliated Companies

A.Investment Holdings

B.Manufacturing and Sales of Digital Medical Imaging Diagnostic Equipment

(1) Division of Labor in Business Transactions among Affiliated Companies

The mainland subsidiary, Dongguan JinHong Medical Equipment Co., Ltd., is located in the Songshan Lake High-tech Industrial Development Zone in Dongguan. This location provides proximity to relevant industries in the upstream and downstream sectors, enabling them to stay abreast of the latest product development trends, information, and technologies. As a result, they can provide the market with cutting-edge, high-quality medical products. Medimaging Integrated Solution Inc.(Dongguan), leveraging the international advantage of its parent company, JinHong Technology, in medical equipment products, introduces its own brand, Horus SCOPE, into the Chinese market. This strategy aims to enhance the group's proprietary brand value and strengthen marketing efforts, ultimately increasing revenue and profitability.

1.4 Information on Directors, Supervisors, and General Managers of Each Affiliated Company

Company Name	Title	Name	Shares held	
			Shares	%
Medview Investments Limited	Director	CHU-MING CHENG	-	-
Medimaging Integrated Solution Inc.(Dongguan)	Chairman&GM	Zheng, Jin yang	-	-
	Director	CHENG, CHU-MING	-	-
	Director	CHEN, CHIN-YI	-	-
	Director	KO, HUI-YU	-	-
	Director	KANG, CHI-YUAN	-	-
	Supervisor	HSU, CHIH LU	-	-

1.5 Financial Condition and Operating Results of Each Affiliated Company

Unit : NTD Thousand

Company Name	Paid-up Capital	Total Assets	Total liabilities	Equity	Operating income	Operating Profit	Net Income	EPS
Medview Investments Limited	34,120	33,341	0	33,341	0	0	(3,315)	-
Medimaging Integrated Solution	33,766	42,438	9,097	33,341	27,415	(3,460)	(3,315)	-

Note : As of December 31, 2022, the exchange rate for the balance sheet was RMB1 = NTD4.408, and the exchange rate for the income statement was RMB1 = NTD4.422.

1..5.1 Consolidated Financial Statements of Affiliated Companies

The companies that should be included in the preparation of consolidated financial statements for affiliated companies and the companies that should be included in the preparation of consolidated financial statements for parent and subsidiary companies under International Financial Reporting Standards No. 10 are the same. Additionally, the relevant information that should be disclosed in the consolidated financial statements for affiliated companies has already been disclosed in the aforementioned consolidated financial statements for parent and subsidiary companies. Therefore, there is no need to prepare separate consolidated financial statements for affiliated companies.

1.5.2 Relationship Report: As our company is not a subsidiary of any other company, there is no need to prepare a relationship report.

2. Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None.

3.The stock shares of the Company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None.

4. Supplementary disclosures:None.

IX. MATTERS AFFECTING SHAREHOLDERS' EQUITY OR STOCK PRICE:None.

Statement of Internal Controls

Date: March 17, 2023

The Company states the following with regard to its internal control system for the year 2022:

1. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The Company has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems” by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the “Regulations”). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1) Control environment, (2) Risk assessment and response, (3) Control activities, (4) Information and communications, and (5) Monitoring. Please refer to the Regulations for details on these five key elements.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, the Company believes that as of Dec. 31, 2022, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the the Company Board of Directors’ Meeting on March 17, 2023, where all of the 7 attending directors did not express any dissenting opinion and affirmed the content of the same.

Medimaging Intergrated Solution Inc.

Chairman CHENG, CHU-MING

President CHENG, CHU-MING

Audit Committee's review report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal of distribution of 2022 earnings. The CPA firm of PwC was retained to audit MiiS 's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal of distribution of 2022 earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of Medimaging Integrated Solution Inc. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Medimaging Integrated Solution Inc.

Chairman of the Audit Committee: CHANG, MING-JYE

March 17, 2023

Independent Auditors' Report and 2022 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medimaging Integrated Solution Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Medimaging Integrated Solution Inc. 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, based on our audits and the reports of other auditors, 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 Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, 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 judgement, 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:

Evaluation of inventories

Description

The Group is primarily engaged in manufacturing and selling of equipment related to digital medical imaging diagnosis sets and related application software. Inventories are stated at the lower of cost and net realizable value. Refer to Note 4(12) of the consolidated financial statements for inventory evaluation policies, Note 5(2) for uncertainty of accounting estimates for the details of inventories.

Due to the balances of inventories are significant to the financial statements and the calculation of the net realisable value used in individually obsolete inventories or inventories which are over a certain period involves subjective judgement. Thus, we considered the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of business and accounting policies on the provision of allowance for inventory valuation losses and assessed the reasonableness and consistency.
2. Obtain and verify the logic and information used for valuation of inventory cost and statement of net realisable value is consistent with the Group's policies.
3. Obtain the inventory cost and net realizable value data prepared by the management, and verified a sample of individual inventory items to check the relevant purchase and sale documents and their account records.
4. Verify the reasonableness of allowance for inventory valuation loss.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Medimaging Integrated Solution Inc. 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi

Chien-Yu Liu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2023

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 275,110	33	\$ 224,260	31
1136	Current financial assets at amortised cost	6(3)	60,000	7	10,000	2
1140	Current contract assets	6(18)	11,868	1	8,721	1
1150	Notes receivable, net	6(4)	-	-	1	-
1170	Accounts receivable, net	6(4)	65,229	8	65,228	9
1180	Accounts receivable due from related parties, net	6(4))and7	40,709	5	71,307	10
1200	Other receivables		3,239	-	2,363	-
130X	Current inventories	6(5)	151,644	18	133,287	19
1410	Prepayments		18,261	2	20,425	3
1470	Other current assets		82	-	53	-
11XX	Total current assets		626,142	74	535,645	75
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	250	-	250	-
1535	Non-current financial assets at amortised cost	6(3)and8	959	-	640	-
1600	Property, plant and equipment	6(6)and8	161,166	19	127,340	18
1755	Right-of-use assets	6(7)	21,443	3	16,287	2
1780	Intangible assets	6(8)	12,137	1	13,028	2
1840	Deferred tax assets	6(25)	6,511	1	5,622	1
1915	Prepayments		7,315	1	14,044	2
1990	Other non-current assets		5,490	1	2,982	-
15XX	Total non-current assets		215,271	26	180,193	25
1XXX	Total assets		\$ 841,413	100	\$ 715,838	100

(Continued)

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021					
			AMOUNT	%	AMOUNT	%				
Current liabilities										
2100	Current borrowings	6(9)	\$	-	-	\$	45,000	6		
2130	Current contract liabilities	6(18)		756	-		5,465	1		
2150	Notes payable			-	-		4,856	1		
2170	Accounts payable			28,331	4		18,726	3		
2200	Other payables	6(10)		62,154	8		54,158	7		
2230	Current tax liabilities			7,111	1		12,578	2		
2250	Current provisions	6(14)		2,333	-		1,819	-		
2280	Current lease liabilities			2,541	-		1,280	-		
2320	Long-term liabilities-current portion	6(11)and8		18,337	2		14,548	2		
2399	Other current liabilities			479	-		415	-		
21XX	Total current liabilities			122,042	15		158,845	22		
Non-current liabilities										
2540	Non-current portion of non-current borrowings	6(11)and8		47,283	6		54,883	8		
2550	Non-current provisions	6(14)		1,454	-		1,051	-		
2570	Deferred tax liabilities	6(25)		2,961	-		-	-		
2580	Non-current lease liabilities			19,511	2		14,938	2		
2670	Other non-current liabilities			12	-		-	-		
25XX	Total non-current liabilities			71,221	8		70,872	10		
2XXX	Total liabilities			193,263	23		229,717	32		
Equity attributable to owners of parent										
	Share capital	6(15)								
3110	Ordinary share			332,277	40		300,062	42		
	Capital surplus	6(16)								
3200	Capital surplus			202,445	24		90,001	13		
	Retained earnings	6(17)								
3310	Legal reserve			36,176	4		29,528	4		
3320	Special reserve			8,918	1		8,606	1		
3350	Unappropriated retained earnings			76,710	9		66,842	9		
	Other equity interest									
3400	Other equity interest		(8,376)	(1)	(8,918)	(1)
31XX	Total equity attributable to owners of parent			648,150	77		486,121	68		
3XXX	Total equity			648,150	77		486,121	68		
	Significant contingent liabilities and unrecognized contract commitments	9								
	Subsequent event	11								
3X2X	Total liabilities and equity		\$	841,413	100	\$	715,838	100		

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18)and7	\$ 502,088	100	\$ 485,871	100
5000 Operating costs	6(5)	(247,700)	(49)	(230,149)	(47)
5950 Gross profit		<u>254,388</u>	<u>51</u>	<u>255,722</u>	<u>53</u>
Operating expenses	6(23)and(24)				
6100 Selling expenses		(29,942)	(6)	(24,577)	(5)
6200 Administrative expenses		(38,624)	(8)	(36,951)	(8)
6300 Research and development expenses		(126,131)	(25)	(107,591)	(22)
6450 Impairment loss	12(2)	(87)	-	20	-
6000 Total operating expenses		(194,784)	(39)	(169,099)	(35)
6900 Operating income		<u>59,604</u>	<u>12</u>	<u>86,623</u>	<u>18</u>
Non-operating income and expenses					
7100 Interest income	6(19)	1,405	-	364	-
7010 Other income	6(20)	1,307	-	102	-
7020 Other gains and losses, net	6(21)	26,512	5	(5,147)	(1)
7050 Finance costs, net	6(22)	(1,416)	-	(1,033)	-
7000 Total non-operating income and expenses		<u>27,808</u>	<u>5</u>	<u>(5,714)</u>	<u>(1)</u>
7900 Profit from continuing operations before tax		<u>87,412</u>	<u>17</u>	<u>80,909</u>	<u>17</u>
7950 Tax expense	6(25)	(17,393)	(3)	(14,428)	(3)
8200 Profit		<u>\$ 70,019</u>	<u>14</u>	<u>\$ 66,481</u>	<u>14</u>
Components of other comprehensive income (losses) that will not be reclassified to profit or loss					
8361 Exchange differences on translation		\$ 542	-	(\$ 312)	-
8300 Other comprehensive income, net		<u>\$ 542</u>	<u>-</u>	<u>(\$ 312)</u>	<u>-</u>
8500 Total comprehensive income		<u>\$ 70,561</u>	<u>14</u>	<u>\$ 66,169</u>	<u>14</u>
Basic earnings per share	6(26)				
9750 Basic earnings per share		<u>\$ 2.20</u>		<u>\$ 2.30</u>	
Diluted earnings per share	6(26)				
9850 Diluted earnings per share		<u>\$ 2.16</u>		<u>\$ 2.26</u>	

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent company							
		Retained earnings					Other equity interest		
						Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Notes		Common shares	Capital surplus	Legal reserve	Special reserve				
<u>2021</u>									
		\$ 225,128	\$ 85,763	\$ 24,115	\$ 9,282	\$ 54,626	(\$ 6,211)	(\$ 2,395)	\$ 390,308
		-	-	-	-	66,481	-	-	66,481
		-	-	-	-	-	(312)	-	(312)
		-	-	-	-	66,481	(312)	-	66,169
Distribution of 2020 earnings	6(17)								
		-	-	5,413	-	(5,413)	-	-	-
		-	-	-	(676)	676	-	-	-
		-	-	-	-	(13,507)	-	-	(13,507)
		36,021	-	-	-	(36,021)	-	-	-
Capital increase from capital surplus	6(16)	22,513	(22,513)	-	-	-	-	-	-
Cash from capital surplus	6(16)	-	(22,513)	-	-	-	-	-	(22,513)
Issue of shares	6(15)	16,200	48,600	-	-	-	-	-	64,800
Share-based payments-Issue of shares	6(13)and(16)	-	55	-	-	-	-	-	55
Share-based payments-stock option	6(13)and(16)	-	609	-	-	-	-	-	609
Employees' compensation transferred to common shares	6(13)and(15)	200	-	-	-	-	-	-	200
Balance at December 31, 2021		\$ 300,062	\$ 90,001	\$ 29,528	\$ 8,606	\$ 66,842	(\$ 6,523)	(\$ 2,395)	\$ 486,121
<u>2022</u>									
		\$ 300,062	\$ 90,001	\$ 29,528	\$ 8,606	\$ 66,842	(\$ 6,523)	(\$ 2,395)	\$ 486,121
		-	-	-	-	70,019	-	-	70,019
		-	-	-	-	-	542	-	542
		-	-	-	-	70,019	542	-	70,561
Distribution of 2021 earnings	6(17)								
		-	-	6,648	-	(6,648)	-	-	-
		-	-	-	312	(312)	-	-	-
		-	-	-	-	(53,191)	-	-	(53,191)
Issue of shares	6(15)	31,000	110,734	-	-	-	-	-	141,734
Share-based payments-Issue of shares	6(13)and(16)	-	37	-	-	-	-	-	37
Share-based payments-stock option	6(13)and(16)	-	458	-	-	-	-	-	458
Employees' compensation transferred to common shares	6(13)and(15)	1,215	1,215	-	-	-	-	-	2,430
Balance at December 31, 2022		\$ 332,277	\$ 202,445	\$ 36,176	\$ 8,918	\$ 76,710	(\$ 5,981)	(\$ 2,395)	\$ 648,150

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>Cash flows from (used in) operating activities</u>			
Profit (loss) before tax		\$ 87,412	\$ 80,909
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(23)	27,304	30,381
Amortization expense	6(8)and(23)	2,764	2,628
Expected credit loss (gain)	12(2)	87 (	20)
Share-based payments	6(13)	495	664
Interest income	6(19)	(1,405 ) (	364)
Interest expense	6(22)	1,416	1,033
Gains arising from lease modifications	6(21)	(58)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(3,147 ) (	6,849)
Notes receivable		1	25,003
Accounts receivable		(90 ) (	31,585)
Accounts receivable due from related parties		30,598 (	3,925)
Other receivable		(872)	423
Inventories		(18,192 ) (	32,223)
Prepayments		(346 ) (	11,224)
Other current assets		(29)	1,407
Other operating assets		108 (	26)
Changes in operating liabilities			
Contract liabilities		(4,769)	4,125
Notes payable		(4,856)	4,856
Accounts payable		9,605 (	3,091)
Other payable		6,077 (	2,599)
Other payable to related parties		(2)	-
Provisions		914	32
Other current liabilities		64	129
Cash inflow generated from operations		133,079	59,684
Interest received		1,405	364
Interest paid		(1,416 ) (	1,024)
Income taxes paid		(20,788 ) (	13,072)
Net cash flows from operating activities		112,280	45,952

(Continued)

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
<u>Cash flows from(used in) investing activities</u>			
Acquisition of financial assets at amortised cost		(\$ 60,319)	(\$ 15,888)
Proceeds from disposal of financial assets at amortised cost		10,000	26,710
Acquisition of property, plant and equipment	6(27)	(20,610)	(13,832)
Acquisition of intangible assets	6(8)	(1,873)	(4,531)
Increase in prepayments for business facilities		(29,318)	(12,461)
Increase in refundable deposits		-	(6)
Increase in other non-current assets		-	183
Net cash flows used in investing activities		(102,120)	(19,825)
<u>Cash flows from (used in) financing activities</u>			
Increase in short-term loans	6(28)	65,000	90,000
Decrease in short-term loans	6(28)	(110,000)	(82,000)
Proceeds from long-term debt	6(28)	12,000	-
Repayments of long-term debt	6(28)	(15,811)	(11,114)
Payments of lease liabilities	6(28)	(1,815)	(2,175)
Increase in guarantee deposits received	6(28)	12	-
Cash dividends paid	6(17)	(53,191)	(36,020)
Proceeds from issuing shares	6(15)	141,734	64,800
Exercise of employee share options	6(13)and(15)	2,430	200
Net cash flows from financing activities		40,359	23,691
Effect of exchange rate changes on cash and cash equivalents		331	(19)
Net increase in cash and cash equivalents		50,850	49,799
Cash and cash equivalents at beginning of period	6(1)	224,260	174,461
Cash and cash equivalents at end of period	6(1)	\$ 275,110	\$ 224,260

MEDIMAGING INTEGRATED SOLUTION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1.HISTORY AND ORGANISATION

Medimaging Integrated Solution Inc. (the “Company”) was incorporated in R.O.C. The Company is primarily engaged in the research and development, manufacturing and marketing and sales of medical imaging diagnosis devices.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2023.

3.APPLICATION OF NEW STANDARDS, AMENDMENTS AND NTERPRETATIONS

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

New standards, interpretations and amendments th at came into effect as endorsed by FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board ("IASB")</u>
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 position and financial performance based on the Group’s assessment.

(2)Effect of new, revised or amended 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 IASB
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 position 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 IASB
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 IASB
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 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 Group's financial position 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

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

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

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

(3) Basis of consolidation

1. 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 noncontrolling 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 ~93~ between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the

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

2. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership(%)</u>		<u>Description</u>
			<u>December 31.2022</u>	<u>December 31.2021</u>	
Medimaging Integrated Solution Inc.	Medview Investments Limited	Investment Holdings	100	100	
Medview Investments Limited	Medimaging Integrated Solution Inc.(Dongguan)	Manufacturing and Sales of Digital Medical Imaging Diagnostic Equipment	100	100	

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

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

5.Significant restrictions: None.

6.Subsidiaries that have non-controlling interests that are material to the Group: None.

(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.

1. 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 retranslated at the exchange rates prevailing at the balance

sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- C Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “Other gains and losses”.

2. 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

- 1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - A Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - B Assets held mainly for trading purposes;
 - C Assets that are expected to be realised within twelve months from the balance sheet date;
 - D Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- 2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- A Liabilities that are expected to be settled within the normal operating cycle;
- B Liabilities arising mainly from trading activities;
- C Liabilities that are to be settled within twelve months from the balance sheet date;
- D Liabilities for which the repayment date cannot be extended unconditionally to more than ~97~ twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

1. 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 recognize changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized 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.

(8) Financial assets at amortised cost

1. Financial assets at amortised cost are those that meet all of the following criteria:
 - A The objective of the Group's business model is achieved by collecting contractual cash flows.
 - B The assets' contractual cash flows represent solely payments of principal and interest.
2. On a regular way purchase or sale basis, financial assets at amortised cost are

recognised and derecognised using trade date accounting.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

4. 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.

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Inventories

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

(13) Property, plant and equipment

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

2. 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 ~99~ 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.
3. Land is not depreciated. Other property, plant and equipment are measured at 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.
4. 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	5 ~30 years
Machinery and equipment	1 ~5 years
Office equipment	2 ~ 5 years
Others equipment	2 ~ 5 years

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

1. 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.
2. 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.
3. 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;
- C An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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.

4. In the modification of a lease that results in a reduction in the scope of the lease, the lessee will decrease the carrying amount of the right-of-use asset to reflect the partial or complete termination of the lease, and recognize the difference between it and the re-measured amount of the lease liability in the income statement.

(15) Intangible assets

1. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.
2. Intangible assets with finite useful lives are amortized on a straight-line basis.

The useful lives for different types of intangible assets are as follows: :

Patent	10 ~ 18 years
Trademark	10 years
Technology licensing	3 years
Computer software	3 ~ 6 years

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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.

(17) 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.

(18) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial. Financial liabilities at fair value through profit or loss

(19) Derecognition of financial liabilities

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

(20) Offsetting financial assets and financial liabilities

When there are legally enforceable rights to offset recognized financial assets and liabilities, and there is an intention to settle the assets and liabilities on a net basis or simultaneously, financial assets and financial liabilities can be offset against each other and presented on the balance sheet on a net basis.

(21) Provisions

Provisions are recognized 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.

(22)Employee benefits

1.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected ~102~ to be paid and are recognised as expenses in that period when the employees render service.

2.Pensions

Defined contribution plans

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

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23)Share-based Payment

The share-based payment agreement settled in equity is a measurement of employee services acquired at the fair value of the equity instruments granted on the date of grant. It is recognized as employee compensation cost over the vesting period and offset against equity. The fair value of the equity instruments should reflect the effects of both vesting and non-vesting conditions. The recognized compensation cost is adjusted over the expected quantity of awards that will ultimately meet the service and non-market vesting conditions until the final recognized amount is based on the quantity on the vesting date.

(24)Income tax

- 1.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.
- 2.The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect

to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. 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, 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.
4. 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.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

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

(27) Revenue recognition

1. Sales of goods

A The group manufactures and sells medical-related products. Revenue from sales is recognized when control over the products is transferred to the customers, which occurs when the products are delivered to the customers. The customers have the discretion over the distribution channel and pricing

of the products, and the group has no remaining performance obligations that could affect customer acceptance of the products. When the products are shipped to the designated location and the risks of obsolescence, deterioration, or loss have transferred to the customers, and when there is objective evidence that the customers have accepted the products in accordance with the sales contract and all acceptance criteria have been met, the delivery of goods is deemed to have occurred.

B Accounts receivable are recognized when goods are delivered to customers because, from that point onward, the group has an unconditional right to payment for the contractual consideration, which is only subject to the passage of time before the consideration is collected from the customers.

2.Services revenue

The group provides design and development services for medical equipment and related software. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. For fixed-price contracts, revenue is recognized based on the proportion of services actually provided as of the balance sheet date compared to the total services to be provided. The completion percentage of the services is determined based on the costs incurred. Customers pay the contract consideration according to the agreed payment schedule. When the services provided by the group exceed the amount payable by the customer, it is recognized as a contract asset. If the amount payable by the customer exceeds the services provided by the group, it is recognized as a contract liability.

(28)Government grants

Government grants are recognized at fair value when it is reasonable to believe that the entity will comply with the conditions attached to the government grant and that the grant will be received. If the nature of the government grant is to compensate the group for expenses incurred, the grant is recognized as income in the statement of profit or loss over the period in which the related expenses are recognized based on a systematic basis.

(29)Operating segments

The internal management reports provided to the primary operating decision-makers in the group's operating segments are reported in a consistent manner. The primary operating decision-makers are responsible for allocating resources to the operating segments and evaluating their performance.

5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

- (1) Critical judgements in applying the Group's accounting policies: None.
- (2) Critical accounting estimates and assumptions

Inventory valuation

The Group is primarily engaged in the research, development, manufacture and sale of polymeric positive temperature coefficient thermistors, overvoltage protective devices and its production related semi-finished goods, modules and dies, thermal conductive boards, thermal module, heat dispersing materials and LED lightings and modules. As the Group is in a rapidly changing industry and its products are especially susceptible to market price fluctuations, there is a higher risk of inventory losing value or becoming obsolete. Inventories are evaluated at the lower of cost and net realisable value, and the Group must use judgements and estimates to determine the net realisable value of inventories aged over a certain period of time and individually identified as obsolete on balance sheet date. Therefore, there might be material changes to the valuation.

As of December 31, 2022, the carrying amount of inventories was \$151,644.

6.DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	31-Dec-22	31-Dec-21
Cash on hand and Petty Cash	\$ 222	\$ 251
Checking accounts and demand deposits	244,188	190,309
Time deposits	30,700	33,700
	\$ 275,110	\$ 224,260

- 1.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.
- 2.The group has not pledged cash and cash equivalents as collateral.

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

items	31-Dec-22	31-Dec-21
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,645	\$ 2,645
Adjustment	(2,395)	(2,395)
Total	<u>\$ 250</u>	<u>\$ 250</u>

1. The group has chosen to classify its investment in Hukui Biotechnology Corporation's stock, which is deemed strategic, as a financial asset measured at fair value through other comprehensive income.
2. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(3) Financial assets at amortized cost

Items	31-Dec-22	31-Dec-21
Current items:		
Time deposits - Original maturity exceeding 3 months.	<u>\$ 60,000</u>	<u>\$ 10,000</u>
Non-current items:		
Time deposits - Used as collateral for pledging.	<u>\$ 959</u>	<u>\$ 640</u>

1. Financial assets measured at amortized cost are recognized in the income statement as follows:

	<u>2,022</u>	<u>2,021</u>
Interest income	<u>\$ 267</u>	<u>\$ 65</u>

2. The group provides financial assets measured at amortized cost as collateral, for details please refer to Note(8).
3. For detailed credit risk information related to financial assets measured at amortized cost, please refer to Note 12, (2). The group invests in time deposits with financial institutions of good credit quality, and the likelihood of default is expected to be very low.

(4)Notes and accounts receivable

	31-Dec-22	31-Dec-21
Notes receivable	\$ -	\$ 1
Accounts receivable	\$ 65,243	\$ 70,285
Less: Allowance for bad debts	(14)	(5,057)
	\$ 65,229	\$ 65,228
Accounts receivable - Related parties	\$ 40,709	\$ 71,307

1.The ageing analysis of accounts receivable and notes receivable is as follows:

	31-Dec-22		31-Dec-21	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 90,833	\$ -	\$ 74,957	\$ 1
Within 30 days	12,717	-	60,300	-
31 to 90 days	2,388	-	1,237	-
91 to 180 days	14	-	48	-
Over 181 days	-	-	5,050	-
	\$ 105,952	\$ -	\$ 141,592	\$ 1

The above ageing analysis was based on past due date.

- 2.As of, December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1,2021, the balance of receivables from contracts with customers amounted to \$131,326.
- 3.As at December 31, 2022 and 2021, without taking into account any collaterals held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$0 and \$1, respectively, and accounts receivable were \$105,938 and \$136,535, respectively.
- 4.Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5)Inventories

2022/12/31				
	Cost	Allowance for obsolescence and market value decline		Book value
Raw materials	\$ 84,935	(\$ 9,680)		\$ 75,255
Work in process	62,040	(7,062)		54,978
Finished goods	29,662	(8,679)		20,983
Inventory of goods	881	(453)		428
Total	<u>\$ 177,518</u>	<u>(\$ 25,874)</u>		<u>\$ 151,644</u>
2021/12/31				
	Cost	Allowance for obsolescence and market value decline		Book value
Raw materials	\$ 64,189	(\$ 6,264)		\$ 57,925
Work in process	57,664	(5,029)		52,635
Finished goods	29,957	(7,811)		22,146
Inventory of goods	881	(300)		581
Total	<u>\$ 152,691</u>	<u>(\$ 19,404)</u>		<u>\$ 133,287</u>

Operating costs incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 229,734	\$ 210,228
Service cost	8,796	13,242
Inventory loss on decline in (gain on reversal of) market value, obsolete and slow- moving inventories	6,402	5,923
Loss on scrap inventory	2,762	756
Other	6	-
	<u>\$ 247,700</u>	<u>\$ 230,149</u>

(6)Property, plant and equipment

2022

	Land & Buildings	Machinery	Office equipment	Others	Work-in-progress and equipment under inspection	Total
At January 1, 2022						
Cost	\$ 87,941	\$ 95,670	\$ 11,764	\$ 21,017	\$ -	\$ 216,392
Accumulated depreciation	(13,129)	(59,067)	(7,061)	(9,795)	-	(89,052)
	<u>\$ 74,812</u>	<u>\$ 36,603</u>	<u>\$ 4,703</u>	<u>\$ 11,222</u>	<u>\$ -</u>	<u>\$ 127,340</u>
At January 1	\$ 74,812	\$ 36,603	\$ 4,703	\$ 11,222	\$ -	\$ 127,340
Additions	-	4,178	-	-	19,409	23,587
Disposals	-	-	-	-	-	-
Reclassifications	23,881	11,107	-	-	-	34,988
Depreciation	(4,751)	(15,592)	(1,615)	(2,794)	-	(24,752)
Net exchange difference	-	-	3	-	-	3
At December 31	<u>\$ 93,942</u>	<u>\$ 36,296</u>	<u>\$ 3,091</u>	<u>\$ 8,428</u>	<u>\$ 19,409</u>	<u>\$ 161,166</u>
At December 31						
Cost	\$ 111,822	\$ 110,955	\$ 11,793	\$ 21,091	\$ 19,409	\$ 275,070
Accumulated depreciation	(17,880)	(74,659)	(8,702)	(12,663)	-	(113,904)
	<u>\$ 93,942</u>	<u>\$ 36,296</u>	<u>\$ 3,091</u>	<u>\$ 8,428</u>	<u>\$ 19,409</u>	<u>\$ 161,166</u>

2021

	Land & Buildings	Machinery	Office equipment	Others	Work-in-progress and equipment under inspection	Total
At January 1, 2022						
Cost	\$ 87,541	\$ 80,386	\$ 11,187	\$ 21,055	\$ -	\$ 200,169
Accumulated depreciation	(8,750)	(41,230)	(5,439)	(5,827)	-	(61,246)
	<u>\$ 78,791</u>	<u>\$ 39,156</u>	<u>\$ 5,748</u>	<u>\$ 15,228</u>	<u>\$ -</u>	<u>\$ 138,923</u>
At January 1	\$ 78,791	\$ 39,156	\$ 5,748	\$ 15,228	\$ -	\$ 138,923
Additions	400	13,024	681	-	-	14,105
Disposals	-	-	-	-	-	-
Reclassifications	-	2,390	-	-	-	2,390
Depreciation	(4,379)	(17,967)	(1,724)	(3,996)	-	(28,066)
Net exchange difference	-	-	(2)	(10)	-	(12)
At December 31	<u>\$ 74,812</u>	<u>\$ 36,603</u>	<u>\$ 4,703</u>	<u>\$ 11,222</u>	<u>\$ -</u>	<u>\$ 127,340</u>
At December 31						
Cost	\$ 87,941	\$ 95,670	\$ 11,764	\$ 21,017	\$ -	\$ 216,392
Accumulated depreciation	(13,129)	(59,067)	(7,061)	(9,795)	-	(89,052)
	<u>\$ 74,812</u>	<u>\$ 36,603</u>	<u>\$ 4,703</u>	<u>\$ 11,222</u>	<u>\$ -</u>	<u>\$ 127,340</u>

For information regarding the use of real estate, plants, and equipment as

collateral, please refer to the explanation in Note 8.

(7)Leasing arrangements lessee

- 1.The subject assets of the leases undertaken by the group are land and buildings, with lease durations typically ranging from 5 to 19.5 years. The lease contracts are individually negotiated and include various terms and conditions. Apart from the restriction on using the leased assets as collateral for borrowing, no other significant limitations are imposed.
- 2.The lease duration for the machinery and equipment leased by the group does not exceed 12 months, and the leased assets classified as low-value are categorized as other equipment.
- 3.The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 17,838	\$ 13,411
Buildings	3,605	2,876
	<u>\$ 21,443</u>	<u>\$ 16,287</u>
	Year ended December 31, 2022	Year ended December 31, 2021
	Depreciation	Depreciation
Land	\$ 653	\$ 544
Buildings	1,879	1,771
	<u>\$ 2,532</u>	<u>\$ 2,315</u>

- 4.For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$8,150 and \$0,respectively.
- 5.The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	(\$ 414)	(\$ 298)
Expenses related to short-term lease contracts	\$ 563	\$ 298
Expenses related to leasing low-value assets.	\$ 99	\$ 186
Lease modification profit	(58)	-

- 6.For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$2,891 and \$2,957, respectively.

- 7.Impact of variable lease payments on lease liabilities.

The subject of variable lease payment terms in the lease contracts of the group

includes adjustments linked to the announced land value of the site where the group's factory is located or the government-approved rental rate for state-owned land set by the Executive Yuan.

8. Option to extend the lease and option to terminate the lease.

When determining the lease term, the group considers all facts and circumstances that create economic incentives for exercising extension options.

When significant events occur that require reassessment of exercising extension options or not exercising termination options, the lease term will be reassessed.

(8) Intangible assets

	<u>2022</u>			
	<u>Computer software</u>	<u>Intellectual property</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022				
Cost	\$ 27,275	\$ 5,884	\$ 5,174	\$ 38,333
Accumulated amortisation and impairment	(23,156)	(224)	(1,925)	(25,305)
	<u>\$ 4,119</u>	<u>\$ 5,660</u>	<u>\$ 3,249</u>	<u>\$ 13,028</u>
At January 1	\$ 4,119	\$ 5,660	\$ 3,249	\$ 13,028
Additions	250	295	1,328	1,873
Amortisation	(1,556)	(661)	(547)	(2,764)
At December 31	<u>\$ 2,813</u>	<u>\$ 5,294</u>	<u>\$ 4,030</u>	<u>\$ 12,137</u>
At December 31				
Cost	\$ 27,525	\$ 6,179	\$ 6,502	\$ 40,206
Accumulated amortisation and impairment	(24,712)	(885)	(2,472)	(28,069)
	<u>\$ 2,813</u>	<u>\$ 5,294</u>	<u>\$ 4,030</u>	<u>\$ 12,137</u>

	<u>2021</u>			
	Computer software	Intellectual property	Others	Total
At January 1, 2022				
Cost	\$ 28,064	\$ 2,600	\$ 4,458	\$ 35,122
Accumulated amortisation and impairment	(21,206)	(2,600)	(1,471)	(25,277)
	<u>\$ 6,858</u>	<u>\$ -</u>	<u>\$ 2,987</u>	<u>\$ 9,845</u>
At January 1	\$ 6,858	\$ -	\$ 2,987	\$ 9,845
Additions	615	3,200	716	4,531
Amortisation	(1,950)	(224)	(454)	(2,628)
At December 31	<u>\$ 4,119</u>	<u>\$ 5,660</u>	<u>\$ 3,249</u>	<u>\$ 13,028</u>
At December 31				
Cost	\$ 27,275	\$ 5,884	\$ 5,174	\$ 38,333
Accumulated amortisation and impairment	(23,156)	(224)	(1,925)	(25,305)
	<u>\$ 4,119</u>	<u>\$ 5,660</u>	<u>\$ 3,249</u>	<u>\$ 13,028</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Operating costs	\$ 222	\$ 222
Selling expenses	-	-
Administrative expenses	382	661
R&D expenses	2,160	1,745
	<u>\$ 2,764</u>	<u>\$ 2,628</u>

(9) Short-term borrowings

As of December 31, 2022: None.

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	45,000	1.00%~1.10%	None
	<u>\$ 45,000</u>		

Interest expense of bank borrowings recognized in profit or loss amounted to \$374 and \$389 for the years ended December 31, 2022 and 2021, respectively.

(10)Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonus	\$ 34,032	\$ 32,458
Accounts payable for processing fees	8,749	6,175
Accounts payable for equipment	3,711	734
Others	15,662	14,791
Total	62,154	54,158

(11)Long-term borrowings

Type of borrowings	Borrowing period and Repayment term	Interest rate range	Collateral	December 31, 2022
Long-term Bank borrowings				
Secured loans	From July 24, 2018, to July 24, 2028, with monthly interest payments, and from September 2019 to August 2020, interest-only payments without principal repayment, with an interest rate subsidy of 0.81%.	1.35%~1.975%	Factory	\$ 28,757
Secured loans	From October 21, 2020, to October 15, 2025, with monthly interest payments	0.02%~0.645%	Machinery	3,287
Secured loans	From November 20, 2020, to October 15, 2025, with monthly interest payments	0.02%~0.645%	Machinery	6,339
Secured loans	From August 31, 2022, to October 15, 2025, with monthly interest payments	0.02%~0.645%	Machinery	10,737
Unsecured loans	From September 23, 2020, to September 15, 2025, with monthly interest payments	0.02%~0.645%	-	16,500
				65,620
Less: Long-term borrowings due within one year or one operating cycle (Accounted for as "Other current liabilities")				(18,337)
				<u>\$ 47,283</u>

Type of borrowings	Borrowing period and Repayment term	Interest rate range	Collateral	December 31, 2021
Long-term Bank borrowings				
Secured loans	From July 24, 2018, to July 24, 2028, with monthly interest payments, and from September 2019 to August 2020, interest-only payments without principal repayment, with an interest rate subsidy of 0.81%.	1.35%	Factory	\$ 33,908
Secured loans	From October 21, 2020, to October 15, 2024, with monthly interest payments	0.02%	Machinery	4,447
Secured loans	From November 20, 2020, to October 15, 2024, with monthly interest payments	0.02%	Machinery	8,576
Unsecured loans	From September 23, 2020, to September 15, 2025, with monthly interest payments	0.02%	-	22,500
				69,431
Less: Long-term borrowings due within one year or one operating cycle (Accounted for as "Other current liabilities")				(14,548)
				<u>\$ 54,883</u>

Collateral for long-term loans provided, please refer to Note 8 for details.

(12)Pension

1.In accordance with the "Labor Retirement Pension Act," the Company has

established a defined contribution retirement plan applicable to its employees who are nationals of the country. Under this plan, the Company contributes 6% of the employees' monthly salaries to the individual accounts of the employees at the Labor Insurance Bureau, following the provisions of the "Labor Retirement Pension Act." The payment of retirement benefits to employees is made either through monthly retirement benefits or a lump-sum retirement benefit, based on the amount accumulated in the employees' individual retirement accounts and the accrued earnings.

2. Medimaging Integrated Solution Inc.(Dongguan), in accordance with the regulations of the People's Republic of China government, contributes a certain percentage of the total monthly salaries of its local employees to the pension insurance system. For the years 2022 and 2021, the contribution rates were 15% and 13%, respectively. The retirement benefits of each employee are managed and coordinated by the government, and the Company has no further obligations beyond the monthly contributions.
3. For the years 2022 and 2021, the Company recognized retirement benefit costs of \$6,505 and \$5,536, respectively, in accordance with the aforementioned retirement benefit plan.

(13) Share-based payments

1. In the years 2022 and 2021, the share-based payment agreements of the company were as follows:

Type of agreement	Grant Date	Quantity Granted	Contract Period	Existing Conditions
Employee Stock Option Plan of Year 2018	109.05.01	310,000shares	7 years	After 2 years: 30% After 3 years: 30% After 4 years: 40%"
Employee Stock Option Plan of Year 2018	109.07.27	190,000shares	7 years	After 2 years: 30% After 3 years: 30% After 4 years: 40%"
Employee Stock Option Plan of Year 2021 for Cash Capital Increase	110.07.02	162,000shares	-	Immediate acquisition
Employee Stock Option Plan of Year 2022 for Cash Capital Increase	111.05.18	465,000shares	-	Immediate acquisition

2. Detailed information on the above-mentioned equity-based compensation agreements is as follows:

	December 31, 2022		44,561	
	stock options Quantity (in thousands of shares)	Weighted average Exercise price (in NT\$)	stock options Quantity (in thousands of shares)	Weighted average Exercise price (in NT\$)
Outstanding stock options as of January 1st	470	\$ 20	520	\$ 20
Stock options granted in the current period	-	-	-	-
Stock options issued through bonus issue or adjustments without consideration	-	-	-	-
Forfeited stock options in the current period (	19)	20	(30)	20
Stock options exercised in the current period (	122)	20	(20)	10
Stock options expired unexercised in the current period	-	-	-	-
Stock options outstanding as of December 31	329	20	470	20
Exercisable stock options as of December 31	15	-	-	-

3. As of December 31, 2022 and 2021, the outstanding stock options under the 107 Employee Stock Option Plan had an exercise price of NT\$20, with a weighted average remaining contractual term of 4 years and 5.3 years, respectively.

4. The fair value of stock-based compensation transactions granted by the Company on the grant date is estimated using the Black-Scholes option pricing model. The relevant information is as follows:

Type of agreement	Grant Date	Exercise price	Price	Expected Volatility	Expected Remaining Term	Expected Dividends	Risk-free Interest Rate	Per Unit Fair Value
Employee Stock Option Plan of Year 2018	2020.05.01		20	37.64%	4.25 years	-	0.50%	4.35
Employee Stock Option Plan of Year 2018	2020.07.27		20	37.64%	4.25 years	-	0.50%	4.35
Employee Stock Option Plan of Year 2021 for Cash Capital Increase	2021.07.02		40	22.54%	0.173 years	-	0.10%	0.34
Employee Stock Option Plan of Year 2022 for Cash Capital Increase	2022.05.18		46	26.49%	0.038 years	-	0.62%	0.08

Note : The expected volatility is calculated by using the historical closing prices of comparable listed companies for the one-year period prior to the valuation date. The natural logarithmic returns are calculated based on the adjusted stock prices during the sample period, and the daily return standard deviation is annualized to obtain the expected volatility.

5. The expenses generated from equity-settled transactions are as follows:

	<u>2022</u>	<u>2021</u>
Equity settlement	\$ 495	\$ 664

(14)Provision

	<u>Warranty</u>	<u>Retirement liabilities</u>	<u>Total</u>
2022			
At January 1	\$ 2,210	\$ 660	\$ 2,870
Increase in provision	2,333	-	2,333
Used in provision	(1,419)	-	(1,419)
Effect of exchange rate	3	-	3
At December 31	<u>\$ 3,127</u>	<u>\$ 660</u>	<u>\$ 3,787</u>
2021			
At January 1	\$ 2,184	\$ 660	\$ 2,844
Increase in provision	1,938	-	1,938
Used in provision	(1,906)	-	(1,906)
Effect of exchange rate	(6)	-	(6)
At December 31	<u>\$ 2,210</u>	<u>\$ 660</u>	<u>\$ 2,870</u>

The analysis of liability provisions is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2022</u>
Current	<u>\$ 2,333</u>	<u>\$ 1,819</u>
Non-current	<u>\$ 1,454</u>	<u>\$ 1,051</u>

1. Warranty

The provision for warranty liabilities of the Group is primarily related to the sales of digital medical imaging diagnostic equipment. The provision for warranty liabilities is estimated based on historical warranty data for the respective products.

2. Retirement liabilities

In accordance with the policies, applicable contracts, or regulatory requirements, the Group has an obligation to dismantle, remove, or restore the premises at certain leased facilities in the Hsinchu Science Park. Therefore, the present value of the expected costs associated with dismantling, removal, or restoration of the premises is recognized as a provision for liability. The Group expects this provision to be incurred upon

the cessation of future leases.

(15)Share capital

As of December 31, 2022, the Company's authorised capital was \$500,000, consisting of 50,000 thousand shares of ordinary s hare (including 7.5 million shares reserved for employee stock options), and the paid-in capital was \$332,277 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
At January 1	30,006	22,513
Capitalization of retained earnings	-	3,602
Capitalization of capital surplus	-	2,251
Cash capital increase	3,100	1,620
Employee stock option exercise	122	20
At December 31	<u>33,228</u>	<u>30,006</u>

- 1.The company, through a board resolution on July 2nd, 2021, approved a cash capital increase by issuing new shares at a price of 40 NTD per share. The total number of newly issued shares is 1,620 million. The cash capital increase reference date is September 15th, 2021.
- 2.On March 24th, 2022, the company, through a board resolution, carried out a cash capital increase before the initial public offering (IPO) by issuing 3,100 million common shares. The minimum underwriting price in the competitive auction was set at NT\$38.98 per share, and the allocation was based on the highest bidding price. Each winning bidder was required to subscribe to the shares at their respective bid prices. The weighted average price of the winning bids was NT\$47.1 per share. The public subscription price was set at NT\$46 per share. The total amount raised was NT\$144,918, which has been fully collected. Additionally, the transaction costs for the issuance of new shares, totaling NT\$3,184, were deducted from the capital surplus as issuance premium. The capital increase reference date is May 30th, 2022, and the registration has already been completed.

(16)Capital surplus

- 1.Pursuant to the R.O.C. Company Act, capital surplus arising from paid - in capital in excess of par value on issuance of commo n stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised

mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2. On July 2nd, 2021, the company, through a shareholder meeting resolution, approved a capitalization of \$22,513 from the capital surplus to carry out a capital increase by issuing 2,251 million new shares. Each share has a par value of NT\$10. Additionally, a cash distribution of NT\$1 per share was made from the capital surplus, totaling \$22,513.
3. Changes in capital surplus are as follows:

	December 31, 2022		
	Issuance premium	Employee stock options	Total
At January 1	\$ 89,039	\$ 962	\$ 90,001
Capital surplus capitalization	-	-	-
Distribution of cash from capital surplus	-	-	-
Cash capital increase	110,734	1,215	111,949
Cash capital increase - Compensation cost for employee stock subscriptions	-	37	37
Employee stock option exercise	1,264	(1,264)	-
Compensation cost for employee stock options	-	458	458
At December 31	\$ 201,037	\$ 1,408	\$ 202,445

	December 31, 2021		
	Issuance premium	Employee stock options	Total
At January 1	\$ 85,316	\$ 447	\$ 85,763
Capital surplus capitalization	(22,513)	-	(22,513)
Distribution of cash from capital surplus	(22,513)	-	(22,513)
Cash capital increase	48,600	-	48,600
Cash capital increase - Compensation cost for employee stock subscriptions	-	55	55
Employee stock option exercise	149	(149)	-
Compensation cost for employee stock options	-	609	609
At December 31	\$ 89,039	\$ 962	\$ 90,001

(17) Retained earnings

1. According to the company's articles of incorporation, in the annual financial statements, any surplus shall be used to first offset accumulated losses from

previous years and then allocate 10% as legal reserve, unless the legal reserve has reached the total capital amount, in which case it is not required. Additionally, in accordance with laws or regulations of the competent authority, the allocation or reversal of special legal reserves may be made. If there is still a surplus remaining, along with the accumulated undistributed profits from previous years, the board of directors shall propose a distribution plan, which will then be decided upon by the shareholders' meeting for the distribution of dividends or dividends to shareholders.

2. The dividend policy of the company is as follows: It is aligned with the current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and shareholder interests. Each year, at least 10% of the distributable profits will be allocated for the distribution of dividends to shareholders. However, if the accumulated distributable profits are less than 10% of the paid-up capital, no dividends may be distributed. When distributing dividends to shareholders, it may be done in cash or stock, with the cash dividend not being less than 10% of the total dividend amount.
3. The statutory surplus reserve, except for offsetting the company's losses and issuing new shares or cash in proportion to the shareholders' existing shares, shall not be utilized. However, in the case of issuing new shares or cash, it is limited to the portion of the reserve exceeding 25% of the paid-up capital.
4. The profit distribution for the fiscal years 2022 and 2021, respectively approved by the Board of Directors on March 17, 2023, and the Shareholders' Meeting on June 17, 2022, is as follows:

	2022		2021	
	Amount	Dividend per share	Amount	Dividend per share
Legal Reserve for Retained	\$ 7,002	\$ -	\$ 6,648	\$ -
Appropriation (Reversal) of	(542)	-	312	-
Special Earnings Reserve	-	-	-	-
Stock dividend	59,810	1.80	53,191	1.77
Cash dividend	<u>\$ 66,270</u>		<u>\$ 60,151</u>	

The aforementioned profit distribution for the fiscal year 2022 is pending approval by the Shareholders' Meeting as of March 17, 2023.

(18) Operating revenue

	December 31, 2022	December 31, 2021
Revenue from customer contracts	\$ 502,088	\$ 485,871

1. Disaggregation of revenue from contracts with customers

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

December 31, 2022	Digital medical imaging diagnostic equipment products	Technical service revenue	Other	Total
External customer contract revenue	\$ 426,240	\$ 17,881	\$ 57,967	\$ 502,088
Timing of revenue recognition				
Revenue recognized at a certain point in time	\$ 426,240	\$ -	\$ 57,967	\$ 484,207
Revenue recognized over time	-	17,881	-	17,881
	\$ 426,240	\$ 17,881	\$ 57,967	\$ 502,088
December 31, 2021	Digital medical imaging diagnostic equipment products	Technical service revenue	Other	Total
External customer contract revenue	\$ 429,095	\$ 32,962	\$ 23,814	\$ 485,871
Timing of revenue recognition				
Revenue recognized at a certain point in time	\$ 429,095	\$ -	\$ 23,814	\$ 452,909
Revenue recognized over time	-	32,962	-	32,962
	\$ 429,095	\$ 32,962	\$ 23,814	\$ 485,871

2. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021
Contract assets-NRE	\$ 11,868	\$ 8,721
Contract liabilities :		
Contract liabilities	\$ 756	\$ 5,465

The initial contract liabilities recognized for the fiscal year 2022 and 2021 were \$4,514 and \$1,226, respectively.

(19) Interest income

	2022	2021
Bank deposit interest	\$ 1,136	\$ 297
Interest income on financial assets measured at amortized cost	267	65
Other interest income	2	2
	\$ 1,405	\$ 364

(20)Other income

	<u>2022</u>	<u>2021</u>
Rental income	552	-
Other income - miscellaneous	755	102
	<u>\$ 1,307</u>	<u>\$ 102</u>

(21)Other gains and losses

	<u>2022</u>	<u>2021</u>
Lease modification gain	58	-
Net foreign exchange gain (loss)	\$ 26,609	(\$ 5,084)
What expenses	(155)	(63)
	<u>\$ 26,512</u>	<u>\$ (5,147)</u>

(22)Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense on bank loans	\$ 1,001	\$ 735
Interest expense on	414	298
Interest expense - other	<u>1</u>	<u>-</u>
	<u>\$ 1,416</u>	<u>\$ 1,033</u>

(23)Expenses by nature

	<u>2022</u>	<u>2021</u>
Employee benefits expenses.	\$ 155,675	\$ 128,439
Depreciation expense of property, plant, and equipment and right-of-use assets.	27,304	30,381
Amortization expense of intangible assets.	<u>2,764</u>	<u>2,628</u>
	<u>\$ 185,743</u>	<u>\$ 161,448</u>

(24)Employee benefit expenses

	<u>2022</u>	<u>2021</u>
Salary expenses	\$ 130,044	\$ 106,290
Share-based payment	495	664
Labor and health insurance expenses	11,125	9,626
Retirement benefit expenses	6,505	5,536
Director remuneration	532	520
Other personnel expenses	6,974	5,803
	<u>\$ 155,675</u>	<u>\$ 128,439</u>

1. According to the company's articles of incorporation, if the company generates profits in the current fiscal year, it should allocate 10% to 25% for employee compensation and allocate no more than 3% for director remuneration. However, if the company has accumulated losses, it should reserve an amount for offsetting those losses. Employee compensation can be provided in the form of stocks or cash, and the recipients may include employees of subsidiary companies who meet certain conditions.
2. The estimated amounts for employee compensation for the fiscal years 2022 and 2021 were \$9,767 and \$9,040, respectively. The estimated amounts for director remuneration were \$488 and \$452, respectively. These aforementioned amounts are recorded under the salary expense account. For the fiscal year 2022, the estimated employee compensation was determined based on the profit situation at the end of that year, with a rate of 10%. The estimated director remuneration was set at 0.5%. The amounts recognized for employee compensation and director remuneration in the fiscal years 2022 and 2021, as determined by the board of directors' resolution, were consistent with the figures reported in the financial statements for those respective years.
The relevant information regarding employee and director remuneration approved by the company's board of directors can be accessed and obtained from the Public Information Observation System

(25)Income tax

1.Income tax expense

Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Current income tax :		
Income tax generated in the current period.	\$ 14,594	\$ 17,659
Additional tax on undistributed earnings.	-	-
Overestimated income tax from prior years.	727	(2,561)
Total amount of current income tax.	<u>15,321</u>	<u>15,098</u>
Deferred income tax. :		
Origination and reversal of temporary differences.	2,072	(670)
Impact of tax effect of loss offset.	-	-
Impact of changes in tax rates.	-	-
Total amount of deferred income tax.	<u>2,072</u>	<u>(670)</u>
Income tax expense	<u>\$ 17,393</u>	<u>\$ 14,428</u>

2.The income tax (charge)/credit relating to components of other comprehensive income is as follow:

	<u>2022</u>	<u>2021</u>
Income tax calculated on accounting profit at the statutory tax rate.	\$ 17,482	\$ 16,182
Income tax impact of items that cannot be recognized according to tax law provisions.	58	28
Deferred income tax assets not recognized for temporary differences.	(874)	779
Overestimated income tax from prior years.	727	(2,561)
Impact of tax effect of loss offset.	-	-
Surcharge on undistributed earnings	-	-
income tax impact of intercompany tax rate differences	-	-
Income tax expense.	<u>\$ 17,393</u>	<u>\$ 14,428</u>

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

<u>2022</u>				
			Recognized in Other	
	January 1	Recognised in profit or loss	Comprehensive Income	December 31
Deferred income tax assets:				
-Temporary differences :				
Inventory write-down	\$ 2,942	\$ 1,224	\$ -	\$ 4,166
Inventory write-down	1,308	(370)	-	938
Other	1,372	35		1,407
Total	<u>\$ 5,622</u>	<u>\$ 889</u>	<u>\$ -</u>	<u>\$ 6,511</u>
-Deferred income tax liabilities:				
exchange gains	-	(2,961)	-	(2,961)
Total	<u>\$ 5,622</u>	<u>(\$ 2,072)</u>	<u>\$ -</u>	<u>\$ 3,550</u>

<u>2021</u>				
			Recognized in Other	
	January 1	Recognised in profit or loss	Comprehensive Income	December 31
Deferred income tax assets:				
-Temporary differences :				
Inventory write-down	\$ 2,038	\$ 904	\$ -	\$ 2,942
Inventory write-down	1,207	101	-	1,308
Other	1,707	(335)		1,372
Total	<u>\$ 4,952</u>	<u>\$ 670</u>	<u>\$ -</u>	<u>\$ 5,622</u>

4.The company has not recognized deferred income tax liabilities for temporary differences related to investments in certain subsidiary companies. As of December 31, 2022, and December 31, 2021, the unrecorded amounts of deferred income tax liabilities for temporary differences were \$5,201 and \$9,574, respectively.

5.The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26)Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 70,019	31,897	
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	70,019	31,897	
Impact of Dilutive Potential Ordinary Shares			
Employee Compensation	-	168	
Employee Stock Options	-	283	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>70,019</u>	<u>32,348</u>	<u>\$ 2.16</u>
	Year ended December 31, 2021		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 66,481	28,850	\$ 2.30
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	66,481	28,850	
Impact of Dilutive Potential Ordinary Shares			
Employee Compensation	-	230	
Employee Stock Options	-	325	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>66,481</u>	<u>29,405</u>	<u>\$ 2.26</u>

(27)Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	\$ 23,587	\$ 14,105
Add: Opening balance of payable on equipment	734	461
Less: Ending balance of payable on equipment	(3,711)	(734)
Cash paid during the year	<u>\$ 20,610</u>	<u>\$ 13,832</u>

(28)Changes in liabilities from financing activities

	<u>2022</u>				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-total
At January 1, 2022	\$ 45,000	\$ 69,431	\$ 16,218	\$ -	\$ 130,649
Changes in cash flow from financing activities	(45,000)	(3,811)	(1,815)	12	(\$ 50,614)
Interest Expense	-	-	414	-	\$ 414
Interest paid	-	-	(414)	-	(\$ 414)
Changes in other non-cash items	-	-	7,649	-	7,649
At December 31, 2022	<u>\$ -</u>	<u>\$ 65,620</u>	<u>\$ 22,052</u>	<u>\$ 12</u>	<u>\$ 87,684</u>

	<u>2021</u>				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-total
At January 1, 2022	\$ 37,000	\$ 80,545	\$ 18,400	\$ -	\$ 135,945
Changes in cash flow from financing activities	8,000	(11,114)	(2,175)	-	(5,289)
Interest Expense	-	-	298	-	298
Interest paid	-	-	(298)	-	(298)
Changes in other non-cash items	-	-	(7)	-	(7)
At December 31, 2022	<u>\$ 45,000</u>	<u>\$ 69,431</u>	<u>\$ 16,218</u>	<u>\$ -</u>	<u>\$ 130,649</u>

7.RELATED PARTY TRANSACTIONS

(1)Names of related parties and relationship

Names of related parties	Relationship with the Company
Welch Allyn, Inc.	Significant Influential Entities to the Company
Hill-Rom International, Inc., Korea Branch.	Same Parent Company as Welch Allyn, Inc., a U.S. company
Hill-Rom Shanghai, Ltd.	Same Parent Company as Welch Allyn, Inc., a U.S. company
Baxter Medical Systems (Suzhou) Co. Ltd	Subsidiary of Welch Allyn, Inc., a U.S. company
Welch Allyn Australia Pty Ltd	Subsidiary of Welch Allyn, Inc., a U.S. company

(2)Significant related party transactions and balances

1. Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Sales of goods:		
-Welch Allyn, Inc.	\$ 196,806	\$ 218,728
- Hill-Rom International, Inc., Korea Branch.	\$ -	\$ 42
-Hill-Rom Shanghai, Ltd.	\$ 264	\$ -
Subtotal	<u>\$ 197,070</u>	<u>\$ 218,770</u>
Other Operating Income		
-Welch Allyn, Inc.	\$ 24,484	\$ 5,973
- Hill-Rom International, Inc., Korea Branch.	\$ -	\$ 253
-Welch Allyn Australia Pty Ltd	\$ 26	
Subtotal	<u>\$ 24,510</u>	<u>\$ 6,226</u>
Total	<u><u>\$ 221,580</u></u>	<u><u>\$ 224,996</u></u>

The transaction prices and payment terms for the sale of goods do not have significant differences from unrelated parties. The prices for technical service revenue and other operating revenue are determined through bilateral negotiations, and the payment terms do not have significant differences from unrelated parties.

2. Processing cost

	Year ended December 31, 2022	Year ended December 31, 2021
Processing cost:		
Baxter Medical Systems (Suzhou) Co. Ltd	\$ -	\$ 12
Hill-Rom Shanghai, Ltd.	\$ -	\$ 184
	<u>\$ -</u>	<u>\$ 196</u>

The transaction prices and payment terms for the purchase of goods do not have significant differences from unrelated parties.

3. Accounts receivable

	Year ended December 31, 2022	Year ended December 31, 2021
-Welch Allyn, Inc.	<u>\$ 40,709</u>	<u>\$ 71,307</u>

(3)Key management personnel compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and other short-term employee benefits	\$ 22,595	\$ 23,141
Post-employment benefits	740	784
Share-based Payments	26	37
Total	<u>\$ 23,361</u>	<u>\$ 23,962</u>

8.PLEDGED ASSETS

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

Pledged asset	Book value		Purposes
	December 31, 2022	December 31, 2021	
Time deposits (shown in financial assets at amortised cost non-current)	959	640	Security Deposit for Science Park Tenancy
Real Estate and Construction	53,635	55,634	Long-term Borrowings
Machinery and Testing Equipment	28,489	20,273	Medium to Long-term Borrowings
	<u>\$ 83,083</u>	<u>\$ 76,547</u>	

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditures under contract but not yet incurred:

	December 31, 2022	December 31, 2021
Property, Plant, and Equipment	\$ 106,764	\$ 7,796
Intangible assets	3,840	1,399
Total	<u>\$ 110,604</u>	<u>\$ 9,195</u>

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 6(17) for the appropriation for 2022 earnings as proposed by Board of Directors on March 17 2023.

12.OTHERS

(1)Capital management

The capital management objective of the group is to ensure the continued operation of the group, maintain an optimal capital structure to reduce funding costs, and provide returns to shareholders. In order to maintain a sound capital base, the group considers the future requirements for operating capital, capital expenditures, and dividend payments. Through financial analysis, the group reviews its capital structure to achieve the capital management objectives.

(2)Financial instruments

1.Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 250	\$ 250
Financial assets at amortised cost		
Cash and cash equivalents	275,110	224,260
Financial assets at amortised cost	60,959	10,640
Notes receivable	-	1
Accounts Receivable (Including Related Parties)	105,938	136,535
Other Receivables	3,239	2,363
Deposits Received	150	150
	<u>\$ 445,646</u>	<u>\$ 374,199</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 45,000
Notes payable	\$ -	\$ -
Accounts payable	28,331	18,726
Other payables	62,154	54,158
Long-term Borrowings (Including	65,620	69,431
Deposits Paid	12	-
	<u>\$ 156,117</u>	<u>\$ 187,315</u>
Lease Liabilities	<u>\$ 22,052</u>	<u>\$ 16,218</u>

2.Financial risk management policies

A The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit

risk and liquidity risk.

B Risk management is carried out by a Group finance under policies approved by the Board of Directors. Group finance identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

3. Significant financial risks and degrees of financial risks

A Market risk

Foreign exchange risk

- a. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries using various functional currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- b. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge their entire foreign exchange risk exposure through coordination with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Foreign exchange forward contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- c. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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			
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,143	30.71	\$	250,072
CNY : NTD	4,999	4.408		22,037
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 255	30.71	\$	7,817

	December 31, 2021			
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,957	27.680	\$	247,923
CNY : NTD	6,142	4.344		26,679
USD:CNY	26	6.372		709
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 149	27.680	\$	4,130

d. The total amount of foreign currency translation (gains) losses (including realized and unrealized) recognized for the monetary items of the group, which were significantly impacted by exchange rate fluctuations, were \$26,609 and (\$5,084) for the fiscal years 2022 and 2021, respectively.

e. Foreign Exchange Market Risk Analysis Due to Significant Exchange Rate Fluctuations in the Group:

In the fiscal years 2022 and 2021, assuming a 1% increase or decrease in the exchange rates of the US dollar and Chinese yuan against the New Taiwan dollar, while keeping all other factors unchanged, the pre-tax net profit for the fiscal year 2022 is projected to decrease or increase by \$2,643, and for the fiscal year 2021, it is projected to decrease or increase by \$2,712.

Price risk

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

B Credit risk

a. The credit risk of the group arises from the risk of financial losses due to customers or counterparties of financial instruments failing to fulfill their contractual obligations. It primarily stems from the inability of counterparties to settle trade receivables according to payment terms and from contractual cash flows of debt instrument investments measured at amortized cost.

b. The group establishes credit risk management from a consolidated

perspective. In accordance with internally defined credit policies, each operating entity within the group evaluates the creditworthiness of new customers before establishing payment and delivery terms and conditions. This evaluation is based on considerations such as the financial condition of the customer, past experiences, and other relevant factors to assess the credit quality of the customer.

- c. The group adopts the premises and assumptions provided by IFRS 9. It considers a contract as defaulted when the payment terms specified in the agreement are overdue by more than 90 days.
- d. The group adopts the following premises and assumptions provided by IFRS 9. When the payment terms specified in the contract are overdue by more than 30 days, it is considered that the credit risk of the financial asset has significantly increased since its initial recognition.
- e. The indicators used by the group to determine credit impairment for debt instrument investments are as follows:
 - 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.
- f. The group will use a simplified approach based on a provision matrix to estimate the expected credit losses for customer receivables.
- g. After the recovery process, the group offsets the amount of financial assets that cannot be reasonably expected to be recovered. However, the group continues to pursue legal proceedings to preserve its rights to the receivables.
- h. The group adjusts the loss rates established based on historical and current information for accounts receivable by considering future forward-looking considerations to estimate the provision for doubtful debts. The provision matrices as of December 31, 2022, and December 31, 2021, are as follows:

<u>At December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0~0.01%	\$ 90,833	\$ -
1~30 days past due	0~0.01%	12,717	-
31~90 days past due	0~0.01%	2,388	-
91~180 days past due	0~0.01%	14	14
Over 90 days past due	0~100%	-	-
Total		<u>\$ 105,952</u>	<u>\$ 14</u>

<u>At December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0~0.01%	\$ 74,957	\$ -
1~30 days past due	0~0.01%	60,300	-
31~90 days past due	0~0.01%	1,237	-
91~180 days past due	0~0.01%	48	7
Over 90 days past due	56.07~100%	5,050	5,050
Total		<u>\$ 141,592</u>	<u>\$ 5,057</u>

I. The statement of changes in the provision for doubtful debts for accounts receivable using the simplified approach is as follows:

	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ 5,057
Impairment Loss Provision	87
Written off amounts due to unrecoverability	(5,191)
Foreign Exchange Impact	61
At December 31	<u>\$ 14</u>

	<u>2021</u>
	<u>Accounts receivable</u>
At January 1	\$ 5,102
Reversal of Impairment Loss	(20)
Foreign Exchange Impact	(25)
At December 31	<u>\$ 5,057</u>

C Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.
- The details of the unused borrowing facilities of the group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating Interest Rate	0.27%~1.725%	0.02%~1.5%
Due Within One Year	<u>\$ 144,607</u>	<u>\$ 79,152</u>
Due Beyond One Year	<u>\$ 41,200</u>	<u>\$ 53,200</u>

d. The table below represents the non-deri liabilities of the group, grouped based on their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The disclosed contractual cash flow amounts in the table are the undiscounted amount.

Non-derivative financial liabilities

		Between 1	Between 2	
	Less than 1	year and 2	years and 5	
<u>December 31, 2022</u>	<u>year</u>	<u>years</u>	<u>years</u>	<u>Over 5 years</u>
Short-term Borrowings	\$ 28,331	\$ -	\$ -	\$ -
Other payables	62,154	-	-	-
Long-term Borrowings (Including Current Portion)	19,042	18,855	26,587	3,019
Lease Liabilities	2,940	2,940	2,887	17,330

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years
Short-term Borrowings	\$ 45,078	\$ -	\$ -	\$ -
Notes payable	\$ 4,856			
Accounts payable	18,726	-	-	-
Other payables	54,158	-	-	-
Long-term Borrowings (Including Current Portion)	14,974	14,903	32,817	8,237
Lease Liabilities	1,530	1,530	2,811	13,448

e. The group does not anticipate a significant advancement in the timing of cash flows or a significant difference in the actual amounts when compared to the maturity date analysis of cash flows.

(3). Fair value information :

- 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: Note 12, (2) 1. Explanation.
- The definitions of various levels used to measure the fair value of financial and non-financial instruments are as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the measurement date.
 - Level 2: Observable inputs other than quoted prices for the asset or liability, either directly or indirectly, excluding Level 1 quoted prices.
 - Level 3: Unobservable inputs for the asset or liability. This includes investments in equity instruments in inactive markets made by the group.
- Financial and non-financial instruments measured at fair value are classified by the group based on the nature, characteristics, risk, and fair value hierarchy of the assets and liabilities. The relevant information is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 250	\$ 250

	31-Dec-21			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 250	\$ 250

4. The methods and assumptions used by the group to measure fair value are explained as follows:

A For financial instruments other than those with active markets, their fair values are determined using valuation techniques or reference to quoted prices from market participants. The fair value obtained through valuation techniques may be based on the current fair value of other similar financial instruments with substantially similar conditions and characteristics, discounted cash flow analysis, or other valuation techniques. These techniques may include the utilization of models applying market information obtainable as of the consolidated balance sheet date.

B When assessing non-standardized and less complex financial instruments, such as debt instruments without active markets, interest rate swap contracts, foreign exchange contracts, and options, the group employs widely-used valuation techniques by market participants. The parameters used in the valuation models for such financial instruments are typically based on observable market information.

5. The table below shows the changes in Level 3 during the 2022 and 2021 fiscal years:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1/December 31	\$ 250	\$ 250

6. There were no transfers into or out of Level 3 during the 2022 and 2021 fiscal years.

7. The group's valuation process for fair value classified under Level 3 is carried out by the finance department, which references the net asset value per share. The valuation results are then aligned with market conditions through the use of independent data sources. The data sources are verified to be independent, reliable, consistent with other resources, and representative of executable prices to ensure the reasonableness of the valuation results.

8. The quantified information regarding significant unobservable input values used in the valuation model for Level 3 fair value measurement items, as well as the sensitivity analysis of significant changes in unobservable input values, is explained as follows:

	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 shares	<u>\$250</u>	Net asset value	Not applicable	Not applicable	Not applicable
	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 shares	<u>\$250</u>	Net asset value	Not applicable	Not applicable	Not applicable

(4).Others

Impact of COVID-19 on the operations of the group:

After assessing the impact of COVID-19 on the group's continued operating capability, asset impairment, and funding risks, it has been determined that there is no significant impact.

13.SUPPLEMENTARY DISCLOSURES

(1).Significant transactions information

- Loans to others:None.
- Provision of endorsements and guarantees to others:None.
- Acquisition or sale of the same security : Please refer to table1 .
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more:None.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more:None.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paidin capital or more: Please refer to table 2.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None. Please refer to table 3 .
- Trading in derivative instruments undertaken during the reporting period: None.

10. Significant inter-company transactions during the reporting period: Please refer to table 4.

(2). Information on investees

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

(3). Information on investments in mainland China

1. Basic information: Please refer to table 6.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland Area: Please refer to table 7.

(4). Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1). General information

The group only operates in a single industry, and the group's board of directors evaluates performance and allocates resources based on the overall performance of the group. After identification, the group is classified as a reporting segment.

(2). Information on products and services

Please refer to Note 6, (18).

(3). Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 16,598	\$ 200,312	\$ 21,073	\$ 170,512
China	27,992	1,749	33,455	187
U.S.	415,163	-	390,547	-
Others	42,335	-	40,796	-
Total	<u>\$ 502,088</u>	<u>\$ 202,061</u>	<u>\$ 485,871</u>	<u>\$ 170,699</u>

(4). Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
0006	\$ 221,290	The whole group	\$ 224,701	The whole group
1151	64,710	The whole group	Less than 10%	The whole group
1002	53,055	The whole group	98,832	The whole group

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
31-Dec-22

Table 1 Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Nnote
Medimaging Integrated Solution Inc.	Stock 、Hukui Biotechnology Corporation	None	Financial asset measured at fair value through other comprehensive income - non-current	26,667	\$ 250	0.71%	\$ 250	

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchase/seller	Counterparty	Relationship with the counterparty	Transaction			Credit term	compared to third party transactions		Notes/accounts receivable(payable)		Footnote
			Purchase (sales)	Amount	Percentage of total purchase (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Medimaging Integrated Solution Inc.	Welch Allyn, Inc.	Significant Impact on the Company	Sales	(\$ 196,806)	39.2%	Net 30 days from receipt of goods, payment due on the 25th	Not Applicable	Not Applicable	\$ 40,709	38.4%	Note

Note : The other operating income of our company from Welch Allyn, Inc., a US company, in the fiscal year 111 of the Republic of China, amounted to \$24,484.

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Medimaging Integrated Solution Inc.	Welch Allyn, Inc.	Significant Impact on the Company	\$ 40,709	3.95	\$ -	-	\$ 40,709	\$ -

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number				Transaction			
(Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Sales Revenue	\$ -	Payment due on the 25th of each month	2.4%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Other Operating Income	-	Payment due on the 25th of each month	0.4%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Accounts Receivable	- 1	Payment due on the 25th of each month	0.6%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Purchases	57	Payment due on the 25th of each month	0.0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0' .

(2) The subsidiaries are numbered in order starting from '1' .

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

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				
Medimaging Integrated Solution Inc.	Medview Investments Limited.	Samoa	Investment Holdings	\$ 34,120	\$ 34,120	1,100,000	100%	\$ 28,650	(\$ 3,315)	(\$ 3,315)		

MEDIMAGING INTEGRATED SOLUTION INC AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	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 January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income (loss) 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 (Note2)	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Medimaging Integrated Solution Inc.(Dongguan)	Manufacturing and Sales of Digital Medical Imaging Diagnostic Equipment	\$ 34,120	(2)	\$	\$	34,120	-	-	\$ 34,120	(\$ 3,315)	100%	(\$ 3,315)	\$ 28,650	\$ -	

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: Financial statements that were audited by R.O.C. parent company's CPA.

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)
Medimaging Integrated Solution Inc.	\$ 34,120	\$ 34,120	\$ 388,890

Note 3: According to the "Principles for Reviewing Investment or Technical Cooperation in Mainland China" set by the Investment Commission, the limit for investment in Mainland China is 60% of the net value.

Significant transactions that occur in relation to investments in Mainland China, whether directly or indirectly through businesses in third-party regions and reinvestments in companies in Mainland China.

Table 7

	<u>Sales (purchases)</u>		<u>Property transaction</u>		<u>Accounts receivable (payable)</u>		<u>Endorsement of bills or providing collateral as a guarantee</u>		<u>Financial connectivity or capital flow</u>				

Independent Auditors' Report and 2022 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medimaging Integrated Solution Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Medimaging Integrated Solution Inc. (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, based on our audits and the reports of other auditors, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, 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 judgement, 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:

Evaluation of inventories

Description

The Company is primarily engaged in manufacturing and selling of equipment related to digital medical imaging diagnosis sets and related application software. Inventories are stated at the lower of cost and net realizable value. Refer to Note 4(11) of the parent company only financial statements for inventory evaluation policies, Note 5(2) for uncertainty of accounting estimates for the details of inventories.

Due to the balances of inventories are significant to the financial statements and the calculation of the net realisable value used in individually obsolete inventories or inventories which are over a certain period involves subjective judgement. Thus, we considered the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of business and accounting policies on the provision of allowance for inventory valuation losses and assessed the reasonableness and consistency.
2. Obtain and verify the logic and information used for valuation of inventory cost and statement of net realisable value is consistent with the Group's policies.
3. Obtain the inventory cost and net realizable value data prepared by the management, and verified a sample of individual inventory items to check the relevant purchase and sale documents and their account records.
4. Verify the reasonableness of allowance for inventory valuation loss.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 judgement and professional skepticism throughout the audit. We also:

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

entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 e parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi

Chien-Yu Liu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2023

MEDIMAGING INTEGRATED SOLUTION INC
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	250,592	30	\$	199,590	28
1136	Current financial assets at amortised cost	6(3)		60,000	7		10,000	2
1140	Current contract assets	6(19)		9,817	1		8,329	1
1150	Notes receivable, net	6(4)		-	-		1	-
1170	Accounts receivable, net	6(4)		64,493	8		65,228	9
1180	Accounts receivable due from related parties, net	6(4)and7		45,759	5		74,108	11
1200	Other receivables			2,727	-		2,049	-
130X	Current inventories	6(5)		146,565	18		128,932	18
1410	Prepayments			15,849	2		15,161	2
1470	Other current assets			82	-		53	-
11XX	Total current assets			595,884	71		503,451	71
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		250	-		250	-
1535	Non-current financial assets at amortised cost	6(3)and8		959	-		640	-
1550	Investments accounted for under equity method	6(6)		28,650	3		29,574	4
1600	Property, plant and equipment	6(7)and8		161,106	19		127,153	18
1755	Right-of-use assets	8(8)		19,755	2		16,287	2
1780	Intangible assets	6(9)		12,137	2		13,028	2
1840	Deferred tax assets	6(25)		6,511	1		5,622	1
1915	Prepayments			7,315	1		14,044	2
1990	Other non-current assets			4,664	1		1,790	-
15XX	Total non-current assets			241,347	29		208,388	29
1XXX	Total assets		\$	837,231	100	\$	711,839	100

(Continued)

MEDIMAGING INTEGRATED SOLUTION INC
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Current borrowings	6(10)	\$	-	-	\$	45,000	6
2130	Current contract liabilities	6(19)		700	-		2,099	-
2150	Notes payable			-	-		4,856	1
2170	Accounts payable			28,331	4		18,726	3
2200	Other payables	6(11)		60,162	7		53,688	8
2230	Current tax liabilities			7,111	1		12,578	2
2250	Current provisions	6(15)		2,283	-		1,656	-
2280	Current lease liabilities			1,521	-		1,280	-
2320	Long-term liabilities-current portion	6(12)		18,337	2		14,548	2
2399	Other current liabilities			479	-		415	-
21XX	Total current liabilities			118,924	14		154,846	22
Non-current liabilities								
2540	Non-current portion of non-current borrowings	6(12)and8		47,283	6		54,883	8
2550	Non-current provisions	6(15)		1,454	-		1,051	-
2570	Deferred tax liabilities	6(25)		2,961	1		-	-
2580	Non-current lease liabilities			18,447	2		14,938	2
2645	Other non-current liabilities			12	-		-	-
25XX	Total non-current liabilities			70,157	9		70,872	10
2XXX	Total liabilities			189,081	23		225,718	32
Equity								
	Share capital	6(16)						
3110	Ordinary share			332,277	40		300,062	42
	Capital surplus	6(17)						
3200	Capital surplus			202,445	24		90,001	13
	Retained earnings	6(18)						
3310	Legal reserve			36,176	4		29,528	4
3320	Special reserve			8,918	1		8,606	1
3350	Unappropriated retained earnings			76,710	9		66,842	9
	Other equity interest							
3400	Other equity interest			(8,376)	(1)		(8,918)	(1)
3XXX	Total equity			648,150	77		486,121	68
	Significant contingent liabilities and unrecognized contract commitments	9						
	Subsequent event	11						
3X2X	Total liabilities and equity		\$	837,231	100	\$	711,839	100

MEDIMAGING INTEGRATED SOLUTION INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)and7		\$ 489,038	100	\$ 481,050	100
5000 Operating costs	6(5)and7		(242,979)	(50)	(230,160)	(48)
5900 Gross profit			246,059	50	250,890	52
5910 Unrealized profit from sales			(4,691)	(1)	(6,540)	(1)
5920 Realized profit from sales			6,540	2	6,034	1
5950 Net operating margin			247,908	51	250,384	52
Operating expenses	6(23) (24)					
6100 Selling expenses			(27,077)	(6)	(20,538)	(4)
6200 Administrative expenses			(36,080)	(7)	(33,084)	(7)
6300 Research and development expenses			(121,601)	(25)	(105,572)	(22)
6450 Impairment loss	12(2)		(87)	-	20	-
6000 Total operating expenses			(184,845)	(38)	(159,174)	(33)
6900 Operating income			63,063	13	91,210	19
Non-operating income and expenses						
7100 Interest income	6(20)		1,344	-	280	-
7010 Other income			1,269	-	96	-
7020 Other gains and losses, net	6(21)		26,362	6	(5,067)	(1)
7050 Finance costs, net	6(22)		(1,311)	-	(1,005)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(6)		(3,315)	(1)	(4,605)	(1)
7000 Total non-operating income and expenses			24,349	5	(10,301)	(2)
7900 Profit from continuing operations before tax			87,412	18	80,909	17
7950 Tax expense	6(25)		(17,393)	(4)	(14,428)	(3)
8200 Profit			\$ 70,019	14	\$ 66,481	14
Components of other comprehensive income (losses) that will not be reclassified to profit or loss						
8361 Exchange differences on translation	6(6)		\$ 542	-	(\$ 312)	-
8300 Other comprehensive income, net			\$ 542	-	(\$ 312)	-
8500 Total comprehensive income			\$ 70,561	14	\$ 66,169	14
Basic earnings per share	6(26)					
9750 Basic earnings per share			\$ 2.20		\$ 2.30	
Diluted earnings per share	6(26)					
9850 Diluted earnings per share			\$ 2.16		\$ 2.26	

MEDIMAGING INTEGRATED SOLUTION INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent company							
		Retained earnings					Other equity interest		
						Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes	Common shares	Capital surplus	Legal reserve	Special reserve				
<u>2021</u>									
		\$ 225,128	\$ 85,763	\$ 24,115	\$ 9,282	\$ 54,626	(\$ 6,211)	(\$ 2,395)	\$ 390,308
		-	-	-	-	66,481	-	-	66,481
		-	-	-	-	-	(312)	-	(312)
		-	-	-	-	66,481	(312)	-	66,169
Distribution of 2020 earnings	6(18)								
		-	-	5,413	-	(5,413)	-	-	-
		-	-	-	(676)	676	-	-	-
		-	-	-	-	(13,507)	-	-	(13,507)
		36,021	-	-	-	(36,021)	-	-	-
Capital increase from capital surplus	6(17)	22,513	(22,513)	-	-	-	-	-	-
Cash from capital surplus	6(17)	-	(22,513)	-	-	-	-	-	(22,513)
Issue of shares	6(16)	16,200	48,600	-	-	-	-	-	64,800
Share-based payments-Issue of shares	6(14)and(17)	-	55	-	-	-	-	-	55
Share-based payments-stock option	6(14)and(17)	-	609	-	-	-	-	-	609
Employees' compensation transferred to common shares	6(14)and(16)	200	-	-	-	-	-	-	200
Balance at December 31, 2021		\$ 300,062	\$ 90,001	\$ 29,528	\$ 8,606	\$ 66,842	(\$ 6,523)	(\$ 2,395)	\$ 486,121
<u>2022</u>									
		\$ 300,062	\$ 90,001	\$ 29,528	\$ 8,606	\$ 66,842	(\$ 6,523)	(\$ 2,395)	\$ 486,121
		-	-	-	-	70,019	-	-	70,019
		-	-	-	-	-	542	-	542
		-	-	-	-	70,019	542	-	70,561
Distribution of 2021 earnings	6(18)								
		-	-	6,648	-	(6,648)	-	-	-
		-	-	-	312	(312)	-	-	-
		-	-	-	-	(53,191)	-	-	(53,191)
Issue of shares	6(16)	31,000	110,734	-	-	-	-	-	141,734
Share-based payments-Issue of shares	6(14)and(17)	-	37	-	-	-	-	-	37
Share-based payments-stock option	6(14)and(17)	-	458	-	-	-	-	-	458
Employees' compensation transferred to common shares	6(14)and(16)	1,215	1,215	-	-	-	-	-	2,430
Balance at December 31, 2022		\$ 332,277	\$ 202,445	\$ 36,176	\$ 8,918	\$ 76,710	(\$ 5,981)	(\$ 2,395)	\$ 648,150

MEDIMAGING INTEGRATED SOLUTION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>Cash flows from (used in) operating activities</u>			
Profit (loss) before tax		\$ 87,412	\$ 80,909
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(23)	26,254	28,165
Amortization expense	6(9)and(23)	2,764	2,628
Expected credit loss (gain)	12(2)	87 (	20)
Share-based payments	6(14)	495	664
Interest income	6(20)	(1,344 ) (	280)
Interest expense	6(22)	1,311	1,004
Losses arising from lease modifications	6(21)	25	-
Share of loss (gain) of Subsidiaries accounted for under equity method	6(6)	3,315	4,605
Unrealized profit from sales		4,691	6,540
Realized profit from sales		(6,540 ) (	6,034)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(1,488 ) (	6,457)
Notes receivable		1 (	1)
Accounts receivable		648 (	31,584)
Accounts receivable due from related parties		28,349	14,269
Other receivable		(678)	425
Prepayments		(17,633 ) (	32,144)
Prepayments		(3,285 ) (	6,671)
Other current assets		(29)	1,407
Long-term prepayments		(276 ) (	31)
Changes in operating liabilities			
Contract liabilities		(1,399)	1,468
Notes payable		(4,856)	4,856
Accounts payable		9,605 (	3,091)
Other payable		4,557 (	2,251)
Other payable to related parties		(2)	-
Provisions		1,029	573
Other current liabilities		64	129
Cash inflow generated from operations		133,077	59,078
Interest received		1,344	280
Interest paid		(1,311 ) (	996)
Income taxes paid		(20,788 ) (	13,072)
Net cash flows from operating activities		112,322	45,290

(Continued)

MEDIMAGING INTEGRATED SOLUTION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>Cash flows from(used in) investing activities</u>			
Acquisition of financial assets at amortised cost		(\$ 60,319)	(\$ 15,888)
Proceeds from disposal of financial assets at amortised cost		10,000	26,710
Acquisition of property, plant and equipment	6(27)	(20,610)	(13,817)
Acquisition of intangible assets	6(9)	(1,873)	(4,531)
Increase in prepayments for business facilities		(29,318)	(12,462)
Increase in refundable deposits		-	(6)
other non-current assets		-	183
Net cash flows used in investing activities		(102,120)	(19,811)
<u>Cash flows from (used in) financing activities</u>			
Increase in short-term loans	6(28)	65,000	90,000
Decrease in short-term loans	6(28)	(110,000)	(82,000)
Proceeds from long-term debt	6(28)	12,000	-
Repayments of long-term debt	6(28)	(15,811)	(11,114)
Payments of lease liabilities	6(28)	(1,374)	(1,259)
Increase in guarantee deposits received	6(28)	12	-
Cash dividends paid	6(18)	(53,191)	(36,020)
Proceeds from issuing shares	6(16)	141,734	64,800
Exercise of employee share options	6(14)and(16)	2,430	200
Net cash flows from financing activities		40,800	24,607
Net increase in cash and cash equivalents		51,002	50,086
Cash and cash equivalents at beginning of period	6(1)	199,590	149,504
Cash and cash equivalents at end of period	6(1)	\$ 250,592	\$ 199,590

Medimaging Integrated Solution Inc.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medimaging Integrated Solution Inc. (the “Company”) was incorporated in R.O.C. The Company is primarily engaged in the research and development, manufacturing and marketing and sales of medical imaging diagnosis devices.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 17, 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 FSC and become effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	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:

<u>New Standards, Interpretations and Amendments</u>	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:

<u>New Standards, Interpretations and Amendments</u>	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 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, the parent company only financial statements have been prepared under the historical cost convention:

Financial assets at fair value through profit or loss.

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

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional 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 retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

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

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements 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 recognized in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized 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 recognized and derecognized using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognizes 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 amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. The Company'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.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventory is measured at the lower of cost and net realizable value, with cost determined by the weighted average method. The cost of finished and in-process goods includes raw materials, direct labor, other direct costs, and production -related manufacturing expenses, but excludes borrowing costs. When comparing cost and net realizable value, the item-by-item comparison method is used.

Net realizable value refers to the estimated selling price in the normal course of business, less the estimated costs to complete and the relevant selling expenses.

(12) Investments accounted for using equity method/subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiary and associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the nonconsolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the nonconsolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building	5~30 years
Machinery	1~5 years
Office equipment	2~ 5 years
Other equipment	2~ 5 years

(14) 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 amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.
 - (c) The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Intangible assets, mainly patent and computer software are amortized on a straight-line basis over its economic benefit period.

Patent	10~18 years
Trade Mark	10 years
Licensing	3 years
Software	3~6 years

(16) 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 recognized for the amount by

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings are initially recognized at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any difference between the proceeds and the redemption value, after deduction of transaction costs, over the period of the borrowings.

(18) Accounts Payable and Notes Payable

Accounts payable and notes payable represent obligations to pay for goods or services received from suppliers in the normal course of business. For short-term accounts payable that bear no interest and for which the discount effect is not significant, they are subsequently measured at the original invoice amount.

(19) Derecognition of Financial Liabilities

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(20) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to do so with the intention of Financial assets and financial liabilities are offset when there is a legally enforceable right to offset the amount of the recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis.

(21) Liability provision

A provision for liabilities is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. The provision is recognised when it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. The provision for liabilities is measured at the asset level. The provision for liabilities is measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and amortization of the discount is recognized as interest expense. Future operating losses are not recognized as a provision for liabilities.

(22) 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 recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized 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 recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employee compensation is paid in shares, the basis for calculating the number of shares is the evaluation of the fair value of the shares in accordance with IFRS 2, "Share-Based Payment."

(23) Employee share-based payments

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 recognized 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 nonvesting 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 recognized is based on the number of equity instruments that eventually vest.

(24) 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. 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.

(27) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells various medical related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services revenue

The Company provides design and development services for medical devices and related software. Service revenue is recognized in the period in which the services are provided to customers. revenue is recognized in the period in which the services are provided to the customer. Revenue from fixed-price contracts is recognized as the proportion of services actually rendered to all services to be rendered as of the balance sheet date. The percentage of completion of services is determined on the basis of costs incurred. Customers pay the contract price in accordance with the agreed payment schedule. The contract price is paid in accordance with the agreed payment schedule and is recognized as a contract asset when the Company has provided services in excess of the amount due from the customer. And a contract liability is recognized when the amount due from the customer exceeds the amount due from the Company.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

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; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of Inventories

Due to the requirement of valuing inventory at the lower of cost or net realizable value, our company must exercise judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Due to rapid technological changes, our company assesses the amount of inventory impairment due to normal wear and tear, obsolescence, or lack of market sales value, and reduces the inventory cost to its net realizable value. This inventory valuation primarily relies on estimating the product demand within a specific future period, which may result in significant fluctuations.

As of December 31, 2022, the Company's book value of inventories is NT\$ 146,565.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$193	\$230
Demand deposits	219,699	165,660
Time deposits	30,700	33,700
	<u>\$250,592</u>	<u>\$199,590</u>

1. 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.
2. The Company has not pledged cash and cash equivalents as collateral.

(2) Financial assets measured at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current		
Equity Instrument		
Non-public listed shares	\$2,645	\$2,645
Valuation Adjustment	(2,395)	(2,395)
Total Amount	<u>\$250</u>	<u>\$250</u>

1. The Company has chosen to classify the strategic investment in Hukui Biotechnology Corporation stock as a financial asset measured at fair value through other comprehensive income.
2. The Company does not provide financial assets measured at fair value through other comprehensive income for collateral.

(3) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Time deposit - over 3 months	\$60,000	\$10,000
Non-Current:		
Time deposit - for pledge	<u>\$959</u>	<u>\$640</u>

1. The detail of Financial assets measured at amortized cost which is recognized in income statement

	<u>2022</u>	<u>2021</u>
interest income	<u>\$267</u>	<u>\$65</u>

2. Please refer to Note 8 for the detailed information of financial assets measured at amortized cost for pledge.

3. Please refer to Note 12, Section 2, for detailed information on credit risk associated with financial assets measured at amortized cost. The Company invests in fixed-term deposits with financial institutions of good credit quality, and the likelihood of default is expected to be very low.

(4) Accounts receivable and Notes Receivable

Items	December 31, 2022	December 31, 2021
Note Receivable	-	\$1
Accounts Receivable	\$64,507	\$66,891
Less: Allowance for bad debts	(14)	(1,663)
	<u>\$64,493</u>	<u>\$65,228</u>
Accounts Receivable - related parties	<u>\$45,759</u>	<u>\$74,108</u>

1. The ageing analysis of accounts receivable that was past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Accounts Receivable	Note Receivable	Accounts Receivable	Note Receivable
Not past due	\$93,440	\$ -	\$77,759	\$1
Up to 30 days	13,865	-	60,300	-
31-90 days	2,947	-	1,236	-
91-180 days	14	-	48	-
Over 181 days	-	-	1,656	-
	<u>\$110,266</u>	<u>\$ -</u>	<u>\$140,999</u>	<u>\$1</u>

The above ageing analysis was based on past due date.

2. As of December 31, 2022 and 2021, accounts receivable was all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$123,684.

3. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable was \$0 and \$1, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$110,252 and \$139,336, respectively.

4. Information relating to credit risk of accounts receivable is provided in Note 12, Section 2.

(5) Inventories

December 31, 2022

	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$79,889	(\$8,976)	\$70,913
Work in process	62,040	(7,062)	54,978
Finished goods	24,582	(4,336)	20,246
Commodity Inventory	881	(453)	428
Total	<u>\$167,392</u>	<u>(\$20,827)</u>	<u>\$146,565</u>

	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$62,553	(\$5,805)	\$56,748
Work in process	57,664	(5,029)	52,635
Finished goods	22,540	(3,572)	18,968
Commodity Inventory	881	(300)	581
Total	<u>\$143,638</u>	<u>(\$14,706)</u>	<u>\$128,932</u>

Operating costs incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	Years ended December 31	
	2022	2021
Cost of inventories sold	\$225,479	\$211,837
Labor cost	8,611	13,049
Loss on decline in (gain on reversal of) market value, obsolete and slow-moving inventory	6,121	4,518
Loss on scrap inventory	2,762	756
Other	6	-
	<u>\$242,979</u>	<u>\$230,160</u>

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Medview Investments Company	\$28,650	\$29,574

1. Profit or loss gained from the significant subsidiary for the years ended December 31, 2022 and 2021 were as follows:

	Year 2022		Year 2021	
	Profit/Loss	Other Profit/Loss	Profit/Loss	Other Profit/Loss
Subsidiary:				
Medview Investments	(\$3,315)	\$542	(\$4,605)	(\$312)
Company				

2. Please refer to Note 4, section 3 in the Company's consolidated financial statements for the year ended December 31, 2022 for detailed subsidiary information.

(7) Property, plant and equipment

	Year 2022					
	Buildings	Machinery	Office equipment	Other	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$87,941	\$95,670	\$9,782	\$16,007	-	\$209,400
Accumulated depreciation	(13,129)	(59,067)	(5,266)	(4,785)	-	(82,247)
	<u>\$74,812</u>	<u>\$36,603</u>	<u>\$4,516</u>	<u>\$11,222</u>	<u>-</u>	<u>\$127,153</u>
At January 1	\$74,812	\$36,603	\$4,516	\$11,222	-	\$127,153
Additions		4,178	-	-	19,409	23,587
Reclassifications	23,881	11,107	-	-	-	34,988
Depreciation	(4,751)	(15,592)	(1,485)	(2,794)	-	(24,622)
At December 31	<u>\$93,942</u>	<u>\$36,296</u>	<u>\$3,031</u>	<u>\$8,428</u>	<u>\$19,409</u>	<u>\$161,106</u>
At December 31						
Cost	\$111,822	\$110,955	\$9,782	\$16,007	\$19,409	\$267,975
Accumulated depreciation	(17,880)	(74,659)	(6,751)	(7,579)	-	(106,869)
	<u>\$93,942</u>	<u>\$36,296</u>	<u>\$3,031</u>	<u>\$8,428</u>	<u>\$19,409</u>	<u>\$161,106</u>

	Year 2021				
	Buildings	Machinery	Office equipment	Other	Total
At January 1					
Cost	\$87,541	\$80,386	\$9,116	\$16,007	\$193,050
Accumulated depreciation	(8,750)	(41,230)	(3,744)	(1,991)	(55,715)
	<u>\$78,791</u>	<u>\$39,156</u>	<u>\$5,372</u>	<u>\$14,016</u>	<u>\$137,335</u>
At January 1	\$78,791	\$39,156	\$5,372	\$14,016	\$137,335
Additions	400	13,024	\$666	-	14,090
Reclassifications	-	2,390	-	-	2,390
Depreciation	(4,379)	(17,967)	(1,522)	(2,794)	(26,662)
At December 31	<u>\$74,812</u>	<u>\$36,603</u>	<u>\$4,516</u>	<u>\$11,222</u>	<u>\$127,153</u>
At December 31					
Cost	\$87,941	\$95,670	\$9,782	\$16,007	\$209,400
Accumulated depreciation	(13,129)	(59,067)	(5,266)	(4,785)	(82,247)
	<u>\$74,812</u>	<u>\$36,603</u>	<u>\$4,516</u>	<u>\$11,222</u>	<u>\$127,153</u>

Please refer to Note 8 for the detailed information about property, plant and equipment for pledge.

(8) Leasing arrangements — lessee

- A. The Company leases assets including buildings and land. Rental contracts are typically made for periods of 1 to 3 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. The lease term of the machinery and equipment leased by the company does not exceed 12 months, and the leased assets classified as low-value are other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	\$17,838	\$13,411
Building	1,917	2,876
	<u>\$19,755</u>	<u>\$16,287</u>

	Depreciation	
	December 31, 2022	December 31, 2021
Land	\$653	\$544
Building	959	959
	<u>\$1,612</u>	<u>\$1,503</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$5,080 and \$0, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$310</u>	<u>\$270</u>
Expense for short-term lease contract	<u>\$529</u>	<u>\$229</u>
Expense for low-value asset lease	<u>\$99</u>	<u>\$186</u>
Loss on lease modification	<u>\$25</u>	<u>\$ -</u>

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$2,312 and \$1,944, respectively.
- G. The impact of variable lease payments on lease liabilities

The subject of the variable lease payments in our company's lease contracts is linked to either the publicly announced land price of the location where our company's factory is situated or the adjusted rental rate of national land as approved by the Executive Yuan.

H. Options to extend the lease and options to terminate the lease

When determining the lease term, the Company takes into consideration all facts and circumstances that create economic incentives related to exercising extension options. If significant events occur that require reassessment of exercising extension options or not exercising termination options, the lease term will be reevaluated.

(9) Intangible assets

	Year 2022			
	Software	Licensing	Other	Total
At January 1				
Cost	\$27,275	\$5,884	\$5,174	\$38,333
Accumulated depreciation	(23,156)	(224)	(1,925)	(25,305)
	<u>\$4,119</u>	<u>\$5,660</u>	<u>\$3,249</u>	<u>\$13,028</u>
At January 1	\$4,119	\$5,660	\$3,249	\$13,028
Additions	250	295	1,328	1,873
Amortization	(1,556)	(661)	(547)	(2,764)
At December 31	<u>\$2,813</u>	<u>\$5,294</u>	<u>\$4,030</u>	<u>\$12,137</u>
At December 31				
Cost	\$27,525	\$6,179	\$6,502	\$40,206
Accumulated depreciation	(24,712)	(885)	(2,472)	(28,069)
	<u>\$2,813</u>	<u>\$5,294</u>	<u>\$4,030</u>	<u>\$12,137</u>
	Year 2021			
	Software	Licensing	Other	Total
At January 1				
Cost	\$28,064	\$2,600	\$4,458	\$35,122
Accumulated depreciation	(21,206)	(2,600)	(1,471)	(25,277)
	<u>\$6,858</u>	<u>\$ -</u>	<u>\$2,987</u>	<u>\$9,845</u>
At January 1	\$6,858	\$ -	\$2,987	\$9,845
Additions	615	3,200	716	4,531

Reclassification	(1,404)	2,684	-	1,280
Amortization	(1,950)	(224)	(454)	(2,628)
At December 31	<u>\$4,119</u>	<u>\$5,660</u>	<u>\$3,249</u>	<u>\$13,028</u>

At December 31

Cost	\$27,275	\$5,884	\$5,174	\$38,333
Accumulated depreciation	(23,156)	(224)	(1,925)	(25,305)
	<u>\$4,119</u>	<u>\$5,660</u>	<u>\$3,249</u>	<u>\$13,028</u>

Details of amortization on intangible assets are as follows:

	Year 2022	Year 2021
Operating costs	\$222	\$222
Administrative expenses	382	661
Research and development expenses	2,160	1,745
	<u>\$2,764</u>	<u>\$2,628</u>

(10) Short-term borrowings

At December 31, 2022: None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$45,000</u>	1.00%~1.10%	None

The interest expense of long-term and short-term borrowing recognized in profit or loss amounted to \$374 and \$389 for the years ended December 31, 2022 and 2021, respectively.

(11) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonus	\$33,765	\$32,055
Payables on processing fee	\$8,749	\$6,175
Payables on equipment	\$3,711	\$734
Other accrued expenses	13,937	14,724
Total	<u>\$60,162</u>	<u>\$53,688</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long term bank borrowings				
	Repayable in instalment during 2018/7/24~2028/7/24			
Secured borrowings	Grace period for 2020/9~2021/8 with 0.81% interest rate subsidy	1.35%~1.975%	Building	\$28,757
Secured borrowings	Repayable in instalment during 2020/10/21~2025/10/15	0.02%~0.645%	Machinery	3,287
Secured borrowings	Repayable in instalment during 2020/11/20~2025/10/15	0.02%~0.645%	Machinery	6,339
Unsecured borrowings	Repayable in instalment during 2020/9/23~2025/9/15	0.02%~0.645%	None	16,500
Secured borrowings	Repayable in instalment during 2022/8/31~2025/9/15	0.02%~0.645%	Machinery	10,737
				65,620
Less: Long-term borrowings due within one year				(18,337)
				<u>\$47,283</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long term bank borrowings				
	Repayable in instalment during 2018/7/24~2028/7/24			
Secured borrowings	Grace period for 2020/9~2021/8 with 0.81% interest rate subsidy	1.35%	Building	\$33,908

Secured borrowings	Repayable in instalment during 2020/10/21~2025/10/15	0.02%	Machinery	4,447
Secured borrowings	Repayable in instalment during 2020/11/20~2025/10/15	0.02%	Machinery	8,576
Unsecured borrowings	Repayable in instalment during 2020/9/23~2025/9/15	0.02%	None	22,500
				<hr/> 69,431
Less: Long-term borrowings due within one year				<hr/> (14,548)
				<hr/> <hr/> \$54,883

Please refer to Note 8 for the collateral for long term bank borrowings.

(13) Retirement pension

- A. the Company has established a defined contribution retirement plan in accordance with the "Labor Pension Act," which applies to employees who hold citizenship in this country. Regarding the portion of the labor retirement pension system defined by the "Labor Pension Act" that employees choose to adopt, our company contributes 6% of their monthly salary to the employees' individual accounts at the Labor Insurance Bureau as labor retirement pension. The payment of employees' retirement pension is disbursed based on the amount in the employee's individual retirement pension account and accumulated earnings, and can be received either as monthly retirement pension or a lump sum retirement pension.
- B. For the years 2022 and 2021, the Company recognized retirement benefit costs of \$6,010 and \$5,089, respectively, in accordance with the above retirement plan."

(14) Share-based Payments

- A. For the years 2022 and 2021, the share-based payment plan of the Company are as follows

Type of agreement	Date of grant	Quantity granted	Contract period	Vesting conditions
2018 ESO plan	2020/5/1	310,000	7 years	Up to 2 years: 30%
				Up to 3 years: 30%
				Up to 4 years: 40%
2018 ESO plan	2020/7/27	190,000	7 years	Up to 2 years: 30%
				Up to 3 years: 30%
				Up to 4 years: 40%

2021 New shares reserved for employee subscription	2021/7/2	162,000	-	immediately vesting
2022 New shares reserved for employee subscription	2022/5/18	465,000	-	immediately vesting

B. The detailed information about the above share-based payment plan of the Company are as follows

	Year 2022		Year 2021	
	ESO quantity (in thousand shares)	Weighted average exercise price (NT dollars)	ESO quantity (in thousand shares)	Weighted average exercise price (NT dollars)
At January 1, outstanding ESO	470	\$20	\$520	\$20
ESO granted in this period	-	-	-	-
ESO expired in this period	(19)	20	(30)	20
ESO exercised in this period	(122)	20	(20)	10
At December 31, outstanding ESO	329	20	470	20
At December 31, executable ESO	15	20	-	-

C. The exercise price of outstanding 2018 ESO plan is NT\$ 20 as of December 31, 2022 and 2021, and the weighted average duration period is 4 years and 5.3 years, respectively.

D. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payment transactions granted on a daily basis. The relevant information is as follows:

Type of agreement	Date of grant	Stock price	Exercise price	Expected volatility	Expected duration	Expected dividend	risk-free interest rate	fair value per unit
2018 ESO plan	2020/5/1	-	\$20	37.64%	4.25 years	-	0.50%	\$4.35
2018 ESO plan	2020/7/27	-	\$20	37.64%	4.25 years	-	0.50%	\$4.35
2021 New shares reserved for employee subscription	2021/7/2	\$36.64	\$40	22.54%	0.173 year	-	0.10%	\$0.34
2022 New shares reserved for employee subscription	2022/5/18	\$42.67	\$46	26.49%	0.038 year	-	0.62%	\$0.08

Note: The expected volatility is calculated by using the historical closing prices of comparable listed companies on the valuation date, based on the previous year as the sample period. The

natural logarithmic returns are computed using the adjusted stock prices during the sample period, and the daily returns' standard deviation is then annualized to obtain the volatility.

E. Expenses derived from share-based payment transaction

	Year 2022	Year 2021
Equity clearance	\$495	\$664

(15) Provision for liabilities

	Warranty	Decommissioning liabilities	Total
2022			
Balance at January 1	\$2,047	\$660	\$2,707
Incremental provision for liabilities	2,283	-	2,283
Used provision for liabilities	(1,253)	-	(1,253)
Balance at December 31	\$3,077	\$660	\$3,737
2021			
Balance at January 1	\$1,474	\$660	\$2,134
Incremental provision for liabilities	1,656	-	1,656
Used provision for liabilities	(1,083)	-	(1,083)
Balance at December 31	\$2,047	\$660	\$2,707

Analysis of provision for liabilities are as follows:

	December 31, 2022	December 31, 2021
Current	\$2,283	\$1,656
Non-current	1,454	1,051

A. Warranty

The warranty provision of the Company primarily relates to the sales of digital medical imaging diagnostic equipment products. The warranty provision is estimated based on the historical warranty data of those products.

B. Decommissioning liabilities

According to the policies, contracts, or regulations in effect, our company is obligated to dismantle, remove, or restore the premises leased within the Hsinchu Science Park.

Therefore, the present value of the expected costs associated with the demolition, removal, or

restoration of the premises is recognized as a liability provision. It is anticipated that this liability provision will occur when the company no longer continues the lease in the future.

(16) Share capital

As of December 31, 2022, the Company's authorized capital was \$500,000, consisting of 50,000 thousand shares of ordinary stock (including 7.5 million shares reserved for employee stock options), and the paid -in capital was \$332,277 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows: (in thousands of shares)

	Year 2022	Year 2021
At January 1	30,006	22,513
Capitalization of retained earnings	-	3,602
Capital surplus transferred to increase capital	-	2,251
Cash capital increase	3,100	1,620
Execution of ESO	122	20
	<u>33,228</u>	<u>30,006</u>

A. On July 2, 2021, the Company's Board of Directors approved to increase its capital in cash by issuing 1,620 thousand new shares at price of NT\$ 40. Cash capital increase base date was September 15, 2021.

B. On March 24, 2022, the Company passed a resolution through the board of directors to conduct a cash capital increase before the initial public offering of common stocks. We issued 3,100 million shares through a competitive auction with a minimum underwriting price of NT\$38.98 per share. The bidders with the highest bidding price were given priority in the allocation. Each winning bidder is required to subscribe based on their bidding price. The weighted average price of each winning bid and the quantity is NT\$47.1 per share. The public subscription underwriting price was set at NT\$46 per share. The total amount raised was \$144,918, fully collected. Additionally, the transaction cost for the issuance of new shares was \$3,184, which was deducted from the capital surplus as a premium. The capital increase base date was May 30, 2022, and the registration has already been completed after the change.

(17) Capital surplus

A. According to the Company Law, the surplus from the issuance of stocks exceeding the face value and the capital surplus from receiving gifts, apart from being used to offset losses, shall be distributed to shareholders in the form of new shares or cash in proportion to their original shareholding when the company has no accumulated losses. Furthermore, according to relevant provisions of the Securities and Exchange Act, when allocating capital from the aforementioned capital surplus, the total amount shall not exceed ten percent of the paid-in

capital each year. If the company still lacks sufficient funds to offset capital losses even after using the surplus from retained earnings, it is not permitted to supplement it with capital surplus.

B. On July 2, 2021, the Company passed a resolution at the shareholders' meeting to allocate a capital surplus of \$22,513 for the purpose of capital increase by issuing 2,251 million new shares, with a par value of NT\$10 per share. Additionally, a cash dividend of NT\$1 per share was distributed from the capital surplus, resulting in a total of \$22,513.

C. Movement on capital surplus is as follows:

	Year 2022		
	Premium on issuance	ESO	Total
At January 1	\$89,039	\$962	\$90,001
Cash capital increase	110,734	1,215	111,949
Cash capital increase - cost of employee subscriptions for shares	-	37	37
Execution of ESO	1,264	(1,264)	-
Cost of ESO	-	458	458
At December 31	\$201,037	\$1,408	\$202,445

	Year 2021		
	Premium on issuance	ESO	Total
At January 1	\$85,316	\$447	\$85,763
Capital surplus transferred to increase capital	(22,513)	-	(22,513)
Capital surplus distributed by cash	(22,513)	-	(22,513)
Cash capital increase	48,600	-	48,600
Cash capital increase - cost of employee subscriptions for shares	-	55	55
Execution of ESO	149	(149)	-
Cost of ESO	-	609	609
At December 31	\$89,039	\$962	\$90,001

(18) Retained earnings

A. According to the regulations of this company, in the event of a surplus in the annual final accounts, apart from paying all taxes and duties in accordance with the law, the surplus

should first be used to offset any accumulated losses from previous years. Then, 10% of the surplus should be set aside as a statutory reserve fund. However, if the statutory reserve fund has reached the total amount of capital, this requirement does not apply. Additionally, according to laws or regulations set by the competent authority, an allocation or conversion to a statutory special reserve fund may be made. If there is still a surplus remaining, along with the undistributed accumulated profits from previous years, the board of directors shall prepare a distribution proposal, which will be decided upon by the shareholders' meeting for the distribution of dividends or stock dividends to the shareholders.

B. The Company's dividend policy is as follows: It is in line with current and future development plans, taking into account investment environment, capital requirements, domestic and international competitive conditions, and considering shareholder interests and other factors. Every year, at least 10 percent of distributable profits are allocated for dividend distribution to shareholders. However, if the accumulated distributable profits are less than 10 percent of the paid-up capital, no distribution may be made. When distributing dividends to shareholders, it can be done in cash or stock, with cash dividends not being less than 10 percent of the total dividend amount.

C. Statutory surplus reserves may only be used to offset company losses and distribute new shares or cash in proportion to the existing shareholders' ownership. They cannot be used for any other purposes. However, when distributing new shares or cash, the amount from the surplus reserves is limited to no more than 25% of the paid-in capital.

D. The Company has approved the distribution of earnings for the fiscal years 2022 and 2021 through resolutions passed by the board of directors on March 17, 2023 and the shareholders' meeting on June 17, 2022, respectively. The details are as follows:

	Year 2022		Year 2021	
	Amount	Dividend per share (NT dollars)	Amount	Dividend per share (NT dollars)
Statutory surplus reserves	\$7,002	-	\$6,648	-
Special surplus reserves (reverse) recognize	(542)	-	312	-
Cash dividends	59,810	1.80	53,191	1.77
	<u>\$66,270</u>		<u>\$60,151</u>	

The aforementioned surplus distribution case for the fiscal year 2022 is pending shareholder approval as of March 17, 2023.

(19) Operating revenue

Year 2022	Year 2021
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Sales revenue	<u>\$489,038</u>	<u>\$481,050</u>
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A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the following product line:

Year 2022	Digital medical imaging diagnosis devices	Technical service	Others	Total
External customer contract revenue	<u>\$417,949</u>	<u>\$16,223</u>	<u>\$54,866</u>	<u>\$489,038</u>
Revenue recognition timing				
Recognize revenue at a certain point in time	\$417,949	-	\$54,866	\$472,815
Recognize revenue gradually over time	-	16,223	-	16,223
	<u>\$417,949</u>	<u>\$16,223</u>	<u>\$54,866</u>	<u>\$489,038</u>
Year 2021	Digital medical imaging diagnosis devices	Technical service	Others	Total
External customer contract revenue	<u>\$424,343</u>	<u>\$31,239</u>	<u>\$25,468</u>	<u>\$481,050</u>
Revenue recognition timing				
Recognize revenue at a certain point in time	\$424,343	-	\$25,468	\$449,811
Recognize revenue gradually over time	-	31,239	-	31,239
	<u>\$424,343</u>	<u>\$31,239</u>	<u>\$25,468</u>	<u>\$481,050</u>

B. Contract assets and contract liabilities

The Company recognizes the following contract assets and contract liabilities related to customer contract revenue:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets	<u>\$9,817</u>	<u>\$8,329</u>	<u>\$1,872</u>
Contract liabilities	<u>\$700</u>	<u>\$2,099</u>	<u>\$631</u>

The initial contract liabilities recognized as revenue in 2022 and 2021 fiscal years were \$1,144 and \$573, respectively.

(20) Interest income

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	<u>Year 2022</u>	<u>Year 2021</u>
Bank deposit interest	\$1,075	\$213

Interest income on financial assets measured at amortized cost	267	65
Other interest income	2	2
	<u>\$1,344</u>	<u>\$280</u>

(21) Other gains and losses

	Year 2022	Year 2021
Lease modification loss	(\$25)	\$ -
Net currency exchange gains (losses)	26,542	(5,067)
Other losses	(155)	-
	<u>\$26,362</u>	<u>(\$5,067)</u>

(22) Financial costs

	Year 2022	Year 2021
Bank interest expenses	\$1,001	\$735
Lease liability interest expense	310	270
	<u>\$1,311</u>	<u>\$1,005</u>

(23) Expenses by nature

	Year 2022	Year 2021
Employee benefit expenses	\$151,419	\$123,916
Depreciation charges on property, plant and equipment (Note)	26,254	28,165
Amortization charges on intangible assets	2,764	2,628
	<u>\$180,437</u>	<u>\$154,709</u>

Note: Including right-of-use assets.

(24) Employee benefit expenses

	Year 2022	Year 2021
Wages and salaries	\$126,491	\$102,510
Share-based payment	495	664
Labor and health insurance fees	10,984	9,486
Pension costs	6,010	5,089
Director's remuneration	532	520
Other personnel expenses	6,907	5,647

<u>\$151,419</u>	<u>\$123,916</u>
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A. According to the Company's Articles of Incorporation, if the company generates profits in the current fiscal year, 10% to 25% should be allocated as employee compensation, and not more than 3% should be allocated as director remuneration. However, if the company has accumulated losses, a certain amount should be reserved for offsetting. Employee compensation can be given in the form of stock or cash, and the recipients can include employees of subsidiary companies who meet certain conditions.

B. The estimated amounts of employee compensation for the years 2022 and 2021 in our company were \$9,767 and \$9,040, respectively. The estimated amounts of director remuneration for the same years were \$488 and \$452, respectively. These amounts are recorded under the expense account of payroll costs.

In 2022, estimated provisions were made at 10% and 0.5% respectively based on the profit situation until the end of that year

According to the resolution of the Board of Directors, the amounts of employee remuneration and director remuneration recognized in the financial statements for the years 2022 and 2021 are consistent.

The information related to employee and director remuneration approved by the board of directors of our company can be found on the Public Information Observation Station

(25) Income tax

A. Income tax expense

	<u>Year 2022</u>	<u>Year 2021</u>
Current tax:		
Current tax on profits for the period	\$14,594	\$17,659
Prior year income tax under/over-estimation	727	(2,561)
Total current tax	<u>15,321</u>	<u>15,098</u>
Deferred tax:		
Origination and reversal of temporary differences	2,072	(670)
Income tax expense	<u>\$17,393</u>	<u>\$14,428</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Year 2022</u>	<u>Year 2021</u>
Tax calculated based on profit before tax and at statutory tax rate	\$17,482	\$16,182

Income tax impact of items that cannot be recognized according to tax regulations	58	28
Changes in unrecognized deferred income tax liabilities due to temporary differences	(874)	779
Prior year income tax overestimation	727	(2,561)
Income tax expense	<u>\$17,393</u>	<u>\$14,428</u>

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

	Year 2022		
	January 1	Recognized in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Inventory - allowance for valuation loss	\$2,942	\$1,224	\$4,166
Unrealized gains/losses on sales	1,308	(370)	938
Others	1,372	35	1,407
	<u>\$5,622</u>	<u>\$889</u>	<u>\$6,511</u>
Deferred income tax liability:			
Temporary differences:			
Unrealized exchange gains	\$ -	(\$2,961)	(\$2,961)
	<u>\$5,622</u>	<u>(\$2,072)</u>	<u>\$3,550</u>

	Year 2021		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Inventory - allowance for valuation loss	\$2,038	\$904	\$2,942
Unrealized gains/losses on sales	1,207	101	1,308
Others	1,707	(335)	1,372
	<u>\$4,952</u>	<u>\$670</u>	<u>\$5,622</u>

D. The company has not recognized the deferred income tax liabilities related to the temporary differences arising from the investment in several subsidiaries. As of December 31, 2022 and December 31, 2021, the amounts of unrecognized deferred income tax

liabilities for temporary differences were \$5,201 and \$9,574, respectively.

E. The company's income tax from profitable operations has been assessed and approved by the tax collection authority until the fiscal year 2020.

(26) Earning per share

	Year ended December 31, 2022		
		Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to common shareholders	\$ 70,019	31,897	
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders	70,019	31,897	
Impact of Dilutive Potential Ordinary Shares			
Employee Compensation	-	168	
Employee Stock Options	-	283	
Profit attributable to common shareholders plus assumed conversion of all dilutive potential common shares	70,019	32,348	\$ 2.16
	Year ended December 31, 2021		
		Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to common shareholders	\$ 66,481	28,850	\$ 2.30
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders	66,481	28,850	
Impact of Dilutive Potential Ordinary Shares			
Employee Compensation	-	230	
Employee Stock Options	-	325	
Profit attributable to common shareholders plus assumed conversion of all dilutive potential common shares	66,481	29,405	\$ 2.26

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	\$ 23,587	\$ 14,090
Add: Opening balance of payable on equipment	734	461
Less: Ending balance of payable on equipment	(3,711)	(734)
Cash paid during the year	\$ 20,610	\$ 13,817

(28) Changes in liabilities from financing activities

	<u>2022</u>				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-total
At January 1, 2022	\$ 45,000	\$ 69,431	\$ 16,218	\$ -	\$ 130,649
Changes in cash flow from financing activities	(45,000)	(3,811)	(1,374)	12	(\$ 50,173)
Interest Expense	-	-	310	-	\$ 310
Interest paid	-	-	(310)	-	(\$ 310)
Changes in other non-cash items	-	-	5,124	-	5,124
At December 31, 2022	\$ -	\$ 65,620	\$ 19,968	\$ 12	\$ 85,600

	<u>2021</u>				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-total
At January 1, 2021	\$ 37,000	\$ 80,545	\$ 17,477	\$ -	\$ 135,022
Changes in cash flow from financing activities	8,000	(11,114)	(1,259)	-	(4,373)
Interest Expense	-	-	270	-	270
Interest paid	-	-	(270)	-	(270)
At December 31, 2021	\$ 45,000	\$ 69,431	\$ 16,218	\$ -	\$ 130,649

7. Related party transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Medview Investments Limited	Directly holds a 100% stock in the subsidiary
Medimaging Integrated Solution Inc.(Dongguan)	Directly holds a 100% stock in the subsidiary
Welch Allyn, Inc.	Significant Influential Entities to the Company
Hill-Rom International, Inc., Korea Branch.	Same Parent Company as Welch Allyn, Inc., a U.S. company
Welch Allyn Australia Pty Ltd	Subsidiary of Welch Allyn, Inc., a U.S. company

(2) Significant related party transactions and balances

A Operating revenue

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Sales of goods:		
- Welch Allyn, Inc.	\$ 196,806	\$ 218,728
- Hill-Rom International, Inc., Korea Branch.	\$ -	\$ 42
- Medimaging Integrated Solution Inc.(Dongguan)	\$ 12,193	\$ 23,849
Subtotal	<u>\$ 208,999</u>	<u>\$ 242,619</u>
Other Operating Income		
- Welch Allyn, Inc.	\$ 24,484	\$ 5,973
- Hill-Rom International, Inc., Korea Branch.	\$ -	\$ 253
- Welch Allyn Australia Pty Ltd	\$ 26	\$ -
- Medimaging Integrated Solution Inc.(Dongguan)	\$ 2,121	\$ 2,602
Subtotal	<u>\$ 26,631</u>	<u>\$ 8,828</u>
Total	<u><u>\$ 235,630</u></u>	<u><u>\$ 251,447</u></u>

B Processing cost

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Medimaging Integrated Solution Inc.(Dongguan)	<u>\$ 57</u>	<u>\$ 3</u>

C Accounts receivable

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
- Welch Allyn, Inc.	\$ 40,709	\$ 71,307
- Medimaging Integrated Solution Inc.(Dongguan)	<u>5,050</u>	<u>2,801</u>
Total	<u><u>\$ 45,759</u></u>	<u><u>\$ 74,108</u></u>

(3) Key management personnel compensation

	Year ended December 31, 2022		Year ended December 31, 2021	
Salaries and other short-term employee benefits	\$	21,279	\$	21,442
Post-employment benefits		704		752
Share-based Payments		26		37
Total	\$	22,009	\$	22,231

8. Pledged assets

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

Pledged asset	Book value		Purposes
	December 31, 2022	December 31, 2021	
Time deposits (shown in financial assets at amortised cost non-current)	959	640	Security Deposit for Science Park Tenancy
Real Estate and Construction	53,635	55,634	Long-term Borrowings
Machinery and Testing Equipment	28,489	20,273	Medium to Long-term Borrowings
	<u>\$ 83,083</u>	<u>\$ 76,547</u>	

9. Significant contingent liabilities and unrecognized contract commitments

Capital expenditures under contract but not yet incurred:

	December 31, 2022	December 31, 2021
Property, Plant, and Equipment	\$ 106,764	\$ 7,796
Intangible assets	3,840	1,399
Total	<u>\$ 110,604</u>	<u>\$ 9,195</u>

10. Significant disaster loss

None

11. Significant events after the reporting period

Please refer to Note 6(18).

12.Others

(1) Capital management

The capital management objective of the company is to ensure the continued operation of the group, maintain an optimal capital structure to reduce funding costs, and provide returns to shareholders. In order to maintain a sound capital base, the company considers the future requirements for operating capital, capital expenditures, and dividend payments. Through financial analysis, the company reviews its capital structure to achieve the capital management objectives.

(2) Financial instruments

A.Financial instruments by category

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 250	\$ 250
Financial assets at amortised cost		
Cash and cash equivalents	250,592	199,590
Financial assets at amortised cost	60,959	10,640
Notes receivable	-	1
Accounts Receivable (Including Related Parties)	110,252	139,336
Other Receivables	2,727	2,049
Deposits Received	150	150
	<u>\$ 424,930</u>	<u>\$ 352,016</u>
	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 45,000
Accounts payable	28,331	18,726
Other payables	60,162	53,688
Long-term Borrowings (Including Current Portion)	65,620	69,431
Deposits Paid	12	-
	<u>\$ 154,125</u>	<u>\$ 186,845</u>
Lease Liabilities	<u>\$ 19,968</u>	<u>\$ 16,218</u>

B Financial risk management policies

a The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

b Risk management is carried out by financial unit under policies approved by the Board of Directors. Financial unit identifies, evaluates, and hedges financial risks in close cooperation with the company's operating units.

C Significant financial risks and degrees of financial risks

a Market risk

Foreign exchange risk

- I . The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries using various functional currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- II . Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge their entire foreign exchange risk exposure through coordination with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Foreign exchange forward contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- III . The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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			
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,143	30.71	\$	250,072
CNY : NTD	4,999	4.408		22,037
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 255	30.71	\$	7,817

	December 31, 2021			
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,957	27.680	\$	247,923
CNY : NTD	6,142	4.344		26,679
USD:CNY	26	6.372		709
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 149	27.680	\$	4,130

VI. The total amount of foreign currency translation (gains) losses (including realized and unrealized) recognized for the monetary items of the company, which were significantly impacted by exchange rate fluctuations, were \$26,542 and (\$5,067) for the fiscal years 2022 and 2021, respectively.

V . Foreign Exchange Market Risk Analysis Due to Significant Exchange Rate Fluctuations in the company:

In the fiscal years 2022 and 2021, assuming a 1% increase or decrease in the exchange rates of the US dollar and Chinese yuan against the New Taiwan dollar, while keeping all other factors unchanged, the pre-tax net profit for the fiscal year 2022 is projected to decrease or increase by \$2,643, and for the fiscal year 2021, it is projected to decrease or increase by \$2,705.

Price risk

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

b Credit risk

- I . The credit risk of the company arises from the risk of financial losses due to customers or counterparties of financial instruments failing to fulfill their contractual obligations. It primarily stems from the inability of counterparties to settle trade receivables according to payment terms and from contractual cash flows of debt instrument investments measured at amortized cost.
- II . The company establishes credit risk management from a consolidated perspective. In accordance with internally defined credit policies, each operating entity within the group evaluates the creditworthiness of new customers before establishing payment and delivery terms and conditions. This evaluation is based on considerations such as the financial condition of the customer, past experiences, and other relevant factors to assess the credit quality of the customer.
- III . The company adopts the premises and assumptions provided by IFRS 9. It considers a contract as defaulted when the payment terms specified in the agreement are overdue by more than 90 days.
- VI . The company adopts the following premises and assumptions provided by IFRS 9. When the payment terms specified in the contract are overdue by more than 30 days, it is considered that the credit risk of the financial asset has significantly increased since its initial recognition.
- V . The indicators used by the company to determine credit impairment for debt instrument investments are as follows:
 - (a)It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (b)The disappearance of an active market for that financial asset because of financial difficulties;
 - (c)Default or delinquency in interest or principal repayments;
 - (d)Adverse changes in national or regional economic conditions that are expected to cause a default.
- IV . The company will use a simplified approach based on a provision matrix to estimate the expected credit losses for customer receivables.
- VII . After the recovery process, the company offsets the amount of financial assets that cannot be reasonably expected to be recovered. However, the company continues to pursue legal proceedings to preserve its rights to the receivables.
- VIII . The company adjusts the loss rates established based on historical and current information for accounts receivable by considering future forward-looking considerations to estimate the provision for doubtful debts. The provision matrices as of December 31, 2022, and December 31, 2021, are

as follows:

<u>At December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0~0.01%	\$ 93,440	\$ -
1~30 days past due	0~0.01%	13,865	-
31~90 days past due	0~0.01%	2,947	-
91~180 days past due	0~0.01%	14	14
Over 90 days past due	0.01~100%	-	-
Total		<u>\$ 110,266</u>	<u>\$ 14</u>

<u>At December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0~0.01%	\$ 77,759	\$ -
1~30 days past due	0~0.01%	60,300	-
31~90 days past due	0~0.01%	1,236	-
91~180 days past due	0~0.01%	48	7
Over 90 days past due	0.01~100%	1,656	1,656
Total		<u>\$ 140,999</u>	<u>\$ 1,663</u>

IX. The statement of changes in the provision for doubtful debts for accounts receivable using the simplified approach is as follows:

	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ 1,663
Impairment Loss Provision	87
Written off amounts due to unrecoverability	(1,736)
At December 31	<u>\$ 14</u>
	<u>2021</u>
	<u>Accounts receivable</u>
At January 1	\$ 1,683
Reversal of Impairment Loss	(20)
At December 31	<u>\$ 1,663</u>

c Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the company and aggregated by financial unit. Financial unit monitors forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

II. Financial unit invests surplus cash in interest bearing current accounts,

time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

III. The details of the unused borrowing facilities of the company are as follows:

	December 31, 2022	December 31, 2021
Floating Interest Rate		
Due Within One Year	\$ 144,607	\$ 79,152
Due Beyond One Year	\$ 41,200	\$ 53,200

IV. The table below represents the non-derivative liabilities of the company, grouped based on their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The disclosed contractual cash flow amounts in the table are the undiscounted amount.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years
Short-term Borrowings	\$ 28,331	\$ -	\$ -	\$ -
Other payables	60,162	-	-	-
Long-term Borrowings (Including Current Portion)	19,042	18,855	26,587	3,019
Lease Liabilities	1,852	1,852	2,887	17,330

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years
Short-term Borrowings	\$ 45,078	\$ -	\$ -	\$ -
Notes payable	\$ 4,856			
Accounts payable	18,726	-	-	-
Other payables	53,688	-	-	-
Long-term Borrowings (Including Current Portion)	14,974	14,903	32,817	8,237
Lease Liabilities	1,530	1,530	2,811	13,448

V. The company does not anticipate a significant advancement in the timing of cash flows or a significant difference in the actual amounts when compared to the maturity date analysis of cash flows.

(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: Note 12, (2) 1. Explanation.

B The definitions of various levels used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the measurement date.

Level 2: Observable inputs other than quoted prices for the asset or liability, either directly or indirectly, excluding Level 1 quoted prices.

Level 3: Unobservable inputs for the asset or liability. This includes investments in equity instruments in inactive markets made by the group.

C Financial and non-financial instruments measured at fair value are classified by the company based on the nature, characteristics, risk, and fair value hierarchy of the assets and liabilities. The relevant information is as follows:

	31-Dec-22			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 250	\$ 250

	31-Dec-21			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 250	\$ 250

D The methods and assumptions used by the company to measure fair value are explained as follows:

I . For financial instruments other than those with active markets, their fair values are determined using valuation techniques or reference to quoted prices from market participants. The fair value obtained through

valuation techniques may be based on the current fair value of other similar financial instruments with substantially similar conditions and characteristics, discounted cash flow analysis, or other valuation techniques. These techniques may include the utilization of models applying market information obtainable as of the consolidated balance sheet date.

II . When assessing non-standardized and less complex financial instruments, such as debt instruments without active markets, interest rate swap contracts, foreign exchange contracts, and options, the group employs widely-used valuation techniques by market participants. The parameters used in the valuation models for such financial instruments are typically based on observable market information.

F The table below shows the changes in Level 3 during the 2022 and 2021 fiscal years:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1/December 31	<u>\$ 250</u>	<u>\$ 250</u>

G There were no transfers into or out of Level 3 during the 2022 and 2021 fiscal years.

H The company's valuation process for fair value classified under Level 3 is carried out by the finance department, which references the net asset value per share. The valuation results are then aligned with market conditions through the use of independent data sources. The data sources are verified to be independent, reliable, consistent with other resources, and representative of executable prices to ensure the reasonableness of the valuation results.

I The quantified information regarding significant unobservable input values used in the valuation model for Level 3 fair value measurement items, as well as the sensitivity analysis of significant changes in unobservable input values, is explained as follows:

	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 shares	<u>\$250</u>	Net asset value	Not applicable	Not applicable	Not applicable
	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 shares	<u>\$250</u>	Net asset value	Not applicable	Not applicable	Not applicable

(4) Others

Impact of COVID-19 on the operations of the company:

After assessing the impact of COVID-19 on the company's continued operating capability, asset impairment, and funding risks, it has been determined that there is no significant impact.

13. Supplementary disclosures

(1) Significant transactions information

- A. Loans to others:None.
- B. Provision of endorsements and guarantees to others:None.
- C. Acquisition or sale of the same security : Please refer to table1 °
- 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 paidin capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None. Please refer to table 3 °
- I.Trading in derivative instruments undertaken during the reporting period: None.
- J.Significant inter-company transactions during the reporting period: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment information: Not applicable.

MEDIMAGING INTEGRATED SOLUTION INC

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

31-Dec-22

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Nnote
Medimaging Integrated Solution Inc.	Stock 、Hukui Biotechnology Corporation	None	Financial asset measured at fair value through other comprehensive income - non-current	26,667	\$ 250	0.71%	\$ 250	

MEDIMAGING INTEGRATED SOLUTION INC

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 2

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to					
Transaction							third party transactions		Notes/accounts receivable(payable)			
		Relationship with the counterparty	Purchase (sales)	Percentage of total		Credit term	Percentage of total notes/accounts receivable					Footnote
Purchase/seller	Counterparty			Amount	purchase (sales)		Unit price	Credit term	Balance	(payable)		
Medimaging Integrated Solution Inc.	Welch Allyn, Inc.	Significant Impact on the Company	Sales	(\$ 196,806)	39.2%	Net 30 days from receipt of goods, payment due on the 25th	Not Applicable	Not Applicable	\$ 40,709	38.4%	Note	

Note : The other operating income of our company from Welch Allyn, Inc., a US company, in the fiscal year 111 of the Republic of China, amounted to \$24,484.

MEDIMAGING INTEGRATED SOLUTION INC

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Medimaging Integrated Solution Inc.	Welch Allyn, Inc.	Significant Impact on the Company	\$ 40,709	3.95	\$ -	-	\$ 40,709	\$ -

MEDIMAGING INTEGRATED SOLUTION INC
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Sales Revenue	\$ 12,193	Payment due on the 25th of each month	✓	2.4%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Other Operating Income	2,121	Payment due on the 25th of each month	✓	0.4%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Accounts Receivable	5,050	Payment due on the 25th of each month	✓	0.6%
0	Medimaging Integrated Solution Inc.	Medimaging Integrated Solution Inc.(Dongguan)	1	Purchases	57	Payment due on the 25th of each month	✓	0.0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

MEDIMAGING INTEGRATED SOLUTION INC

Information on investees

For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

				Initial investment amount		Shares held as at December 31, 2022						
Investor	Investee	Location	Main business activities	Balance as at		Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income (loss)	Footnote	
				December 31, 2022	December 31, 2021				of the investee for the year ended December 31, 2022	recognised by the Company for the year ended December 31, 2022		
Medimaging Integrated Solution Inc.	Medview Investments Limited.	Samoa	Investment Holdings	\$ 34,120	\$ 34,120	1,100,000	100%	\$ 28,650	(\$ 3,315)	(\$ 3,315)		

MEDIMAGING INTEGRATED SOLUTION INC
Information on investments in Mainland China
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022													
Investee in Mainland		Investment method		Accumulated amount of remittance from Taiwan to Mainland China as of January		Accumulated amount of remittance from Taiwan to Mainland China as of		Net income (loss) of investee for the year ended		Investment income (loss) recognised by the Company for the year		Book value of investment in Mainland China as of December		Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022		Footnote	
China	Main business activities	Paid-in Capital	(Note1)	1, 2022	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022	December 31, 2022	Ownership held by the Company (direct or indirect)	ended December 31, 2022 (Note2)	31, 2022	31, 2022	as of December 31, 2022				
Medimaging Integrated Solution Inc.(Dongguan)	Manufacturing and Sales of Digital Medical Imaging Diagnostic Equipment	\$ 34,120	(2)	\$ 34,120	\$ -	\$ -	\$ 34,120	(\$ 3,315)	100%	(\$ 3,315)	\$ 28,650	\$ -					

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: Financial statements that were audited by R.O.C. parent company's CPA.

Company name	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)	
		Investment amount	Ceiling on	Investment amount	Ceiling on
Medimaging Integrated Solution Inc.	\$ 34,120	\$ 34,120	\$ 388,890		

Note 3 :According to the "Principles for Reviewing Investment or Technical Cooperation in Mainland China" set by the Investment Commission, the limit for investment in Mainland China is 60% of the net value.

MEDIMAGING INTEGRATED SOLUTION INC

Significant transactions that occur in relation to investments in Mainland China, whether directly or indirectly through businesses in third-party regions and reinvestments in companies in Mainland China.

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

[illegible]

1.STATEMENT OF CASH AND CASH EQUIVALENTS
31-Dec-22

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and petty cash		193
Checking and savings accounts		
Current deposit-NTD		53,241
Current deposit-Foreign currency	USD 4,867,000 at an exchange rate of 30.71.	149,472
	RMB 3,854,000 at an exchange rate of 4.408.	16,986
		<u>219,699</u>
Cash equivalent		
Time deposit-NTD	Maturity date: January 2022.	30,700
	Interest rate of 0.91% to 0.975%	<u>250,592</u>

2.STATEMENT OF ACCOUNTS RECEIVABLE

31-Dec-22

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Third Parties :			
1002		\$ 19,353	
1151		19,291	
1135		8,178	
Others		17,685	The balance of each sporadic customer does not exceed 10% of the balance of this account.
		64,507	The overdue amount for 1 year is \$0.
Less: loss allowance		(14)	
Subtotal		64,493	
Related Parties :			
Welch Allyn, Inc.		40,709	
Medimaging Integrated Solution Inc.(Dongguan)		5,050	
Subtotal		45,759	The overdue amount for 1 year is \$0.
Total		\$ 110,252	

3.STATEMENT OF INVENTORIES

31-Dec-22

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 79,889	\$ 94,152	
Work in process		62,040	136,651	
Finished goods		24,582	35,477	
Inventory of goods		881	428	
		167,392	\$ 266,708	
Less: Allowance for Inventory		(20,827)		
Valuation and Obsolescence Losses				
		\$ 146,565		

4.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Securities	As of January 1, 2022		Additions(Note)		Investment income (loss)	As of December 31, 2022			Fair value/Net assets value		Collateral	Note
	Shares (In thousands)	Amount	Shares (In thousands)	Amount		Shares (In thousands)	%	Amount	Unit price (NTD)	Total Amount		
Medview Investments Limited.	1,100	\$ 29,574	-	\$ 2,391	(\$ 3,315)	1,100	100%	\$ 28,650	\$ 26.05	\$ 28,650	None	

Note : Unrealized gains or losses on sales and foreign currency translation adjustments for financial statements of overseas operating entities

5.STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Shipments (Set)	Amount	Note
Digital medical imaging diagnostic equipment products	12,213 sets	421,671	
NRE		16,798	
OTHERS		54,975	
		<u>493,444</u>	
Less: Sales Returns and Discounts		<u>(4,406)</u>	
		<u>\$ 489,038</u>	

6.STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount
Inventory of Goods, beginning of year	881
Add: Inventory of Goods purchased	4,995
Less : Inventory of Goods, end of year	(881)
Inventory of Goods used	4,995
Direct material	
Beginning of year	62,553
Add: Raw material purchased	134,760
Less: Raw materials, end of year	(79,889)
Transferred to manufacturing or operating expenses	(433)
Scrapped	(1,199)
Sell	(2,330)
Surplus	2
Direct material used	113,464
Direct labor	6,062
Factory overheads	94,324
Manufacturing cost	213,850
Add: Work in process, beginning of year	57,664
Work in process purchased	11,807
Less: Work in process, end of year	(62,040)
Transferred to manufacturing or operating expenses	(783)
Sell	(12,928)
Scrapped	(1,384)
Losses	(8)
Cost of finished goods	206,178
Add: Finished goods, beginning of year	22,540
Finished goods purchased	2,023
Less: Finished goods, end of year	(24,582)
Transferred to operating expenses and other operating cost	(1,052)
Scrapped	(179)
Subtotal	204,928
Other operating cost	
Sell raw materials and work in progress	15,258
Labor cost	8,611
Allowance for inventory write-down	6,121
Losses of Inventory scrapped	2,762
Inventory losses	6
Others	298
Total	242,979

7.STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Item	Amount
Manufacturing costs	
Processing fee	55,322
Salary	18,784
Depreciation	9,841
Others	10,377
	<u>94,324</u>
Promotional expenses	
Salary	14,657
Freight	2,528
Packaging consumables	2,319
Travel	1,847
Others	5,726
	<u>27,077</u>
Administrative expenses	
Salary	20,193
Service fee	3,984
Others	11,903
	<u>36,080</u>
R&D expenses	
Salary	66,798
Depreciation	14,264
Research Material Fee	7,776
Insurance	6,600
Others	26,163
	<u>121,601</u>

8.STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	24,923	102,063	126,986	23,325	79,849	103,174
Labor and health insurance	2,331	8,653	10,984	2,189	7,297	9,486
Pension	1,124	4,886	6,010	1,046	4,043	5,089
Board compensation	0	532	532	0	520	520
Others	1,929	4,978	6,907	1,718	3,929	5,647
Depreciation	9,841	16,413	26,254	12,521	15,644	28,165
Amortization	222	2,542	2,764	222	2,406	2,628

Note 1:As of December 31, 2022 and 2021, the Company had 141 and138 employees, and there were 5 and 6 non-employee directors, respectively.

Note 2:Average labor cost for the years ended December 31, 2022 and 2021 were NT\$1,109thousand and 935thousand, respectively.

Note 3:Average salary and bonus for the years ended December 31, 2022 and 2021 were NT\$934 thousand and 782 thousand, respectively.

Note 4:The average salary and bonus increased by 19% year over year.

Note 5:The Company did not have supervisors for the years ended December 31, 2022 and 2021. Therefore, there was no compensation to the supervisor.

Note 6: The Company's compensation policies:

- A. According to our company's bylaws, if the company generates profits in a fiscal year, it is required to allocate 10% to 25% of the profits as employee compensation and allocate no more than 3% as director compensation.
- B. The overall salary and compensation level for employees are determined by considering the industry standards and norms, as well as individual qualifications, experience, and performance.

- C. A compensation committee is established to effectively evaluate the overall salary and compensation of directors and executives in our company.
- D. Directors and executives: Our company refers to industry standards for compensation practices and considers the rational relationship between individual performance, company's operational performance, and future risks. We regularly review performance evaluations, compensation policies, systems, standards, and structures for directors and executives. These are submitted to the compensation committee for deliberation and then presented to the board of directors for decision-making.

Medimaging Integrated Solution Inc.

Chairman: CHENG, CHU-MING