Stock Code: 4164

CHC Healthcare Group

2021 Annual Report

Notice to readers

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

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

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Spokesperson	Acting Spokesperson
Name: Ming-Lun Lee	Name: Yi-Chun Chen
Title: COO	Title: CFO
Tel.: (02)6619-9989	Tel.: (02)6619-9989
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II. Address and telephone number of the head office, branch office, and factory

Company Address: No. 88, Xing'ai Rd., Neihu District, Taipei City
Tel.: (02)6608-1999
Factory address: None.
The Group: CHC Healthcare Group (hereinafter referred to as "the Company" or "CHC Holdings") and its invested companies, collectively referred to as "the Group," engages in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, medicines, and health supplements.

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

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

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

Name of CPAs: Yu-Fang Yen and Pei-Lin Tu
CPA Firm: PricewaterhouseCoopers (PwC) Website: https://www.pwc.tw
Address:27F, No. 333, Sec. 1, Keelung Road, Xinyi District,Taipei City Tel.: (02)2729-6666

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

None.

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

Table of Contents

One. Letter to Shareholders ····· 1

I. 2021 Operating results ····· 1

II. 2022 Business Plan ····· 2

III. The Company's future development strategy ····· 4

IV. The impact of external competition environment, regulatory environment, and overall business environment ····· 5

Two. Company Profile ····· 7

I. Date of Incorporation ····· 7

II. Company History ····· 7

Three. Corporate Governance Report ····· 11

I. Organization ····· 11

II. Directors, Supervisors and Management team ····· 13

III. Remuneration of directors, supervisors, General Manager, and Vice President in the most recent year ····· 21

IV. Implementation of Corporate Governance ····· 25

V. Information concerning fees paid to CPA ····· 66

VI. Replacement of CPA ····· 67

VII. If the Company's President, General Manager, and/or executives in charge of finance and accounting worked for the CPA's accounting firm or its affiliates in the most recent years, their names, job titles and the durations should be disclosed ····· 67

VIII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders ····· 68

IX. Relationship among the Top Ten Shareholders ····· 69

X. The number of shares of reinvested businesses concurrently held by the Company, the Company's directors, supervisors, managers, and affiliates directly/indirectly controlled by the Company, and the consolidated shareholding ratio ····· 70

Four. Capital Overview ····· 71

I. Capital and Shares ····· 71

II. Bonds ····· 77

III. Preferred Stock Issuance ····· 78

IV. Global Depository Receipts ····· 78

V. Employee stock options and new restricted employee shares ····· 79

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions ····· 80

VII. Financing Plans and Implementation ····· 80

Five. Operational Highlights ····· 81

I. Business Activities ····· 81

II. Market and Sales Overview ····· 95

III. Human Resources ····· 108

IV. Environmental Protection Expenditure ····· 109
V. Labor Relations ····· 109
VI. Cybersecurity management ····· 112
VII. Important Contracts ····· 114
Six. Financial Information ····· 116
I. Five-Year Financial Summary ····· 116
II. Five-Year Financial Analysis ····· 120
III. Supervisors' or Audit Committee's Report in the Most Recent Year ····· 123
IV. Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report ····· 124
V. Standalone financial report of the company that has been audited by an accountant in the most recent year ····· 124
VI. The impact of financial difficulty of the company and its affiliated enterprises on the financial status of the company detailed in the financial report of the most recent year and as of the annual report printing date ····· 124
Seven. Review of Financial Conditions, Operating Results, and Risk Management ····· 125
I. Analysis of Financial Status ····· 125
II. Analysis of Operation Results ····· 126
III. Analysis of Cash Flow ····· 127
IV. Major Capital Expenditure Items ····· 128
V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year ····· 128
VI. Analysis of Risk Management ····· 129
VII. Other major matters ····· 132
Eight. Special Disclosure ····· 133
I. Summary of Affiliated Companies ····· 133
II. Private Placement Securities in the Most Recent Years ····· 138
III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years ····· 139
IV. Other supplementary information ····· 139
V. The impact of the events as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act on shareholder's equity or security price in the most recent year and as of the annual report printing date ····· 139

One. Letter to Shareholders

Dear Shareholders:

Thank you for your support and guidance to the CHC Healthcare Group, which has enabled the Group to develop stably in this harsh environment. Although Taiwan was severely affected by COVID-19 in 2021, with the efforts of all employees, the Group maintained its 30% gross profit margin during the year with a double-digit net profit, and profitability increased significantly compared with 2020. The Group strongly believes that a solid economic foundation is the key to sustainable business operations, and will continue its growth streak by maintaining its upward momentum, with a view to creating the greatest benefit for shareholders and employees.

I. 2021 Operating results

(I) Business plan implementation of 2021

The 2021 consolidated operating revenue of NT$2,439,564 thousand represented a decrease from the 2020 consolidated operating revenue of 2,554,911 thousand, and this reduction was chiefly due to a fall in the sale of equipment; Net profit during the current period of 2021 of NT$380,282 thousand represented an increase from the net profit of 362,912 thousand during the current period of 2020, and this increase was chiefly due to the growth of gross profit in 2021; the consolidated operating results for the year 2021 are as follows:

Unit: NT$ thousand

Item	2021
Operating Revenue	2,439,564
Gross profit	849,481
Operating expenses	356,153
Operating profit	493,328
Profit before tax	491,069
Profit for the year	380,282

(II) State of budget execution

The Group did not disclose the 2021 financial forecast, so there is no need to disclose the budget execution.

(III) Revenue/expenditure and profitability for the Group

Item		2021	2020
Financial structure and solvency	Debt ratio (%)	49.76%	48.02%
	Current ratio (%)	254.60%	330.86%
Profitability	Return on total assets (%)	3.69%	3.85%
	Return on shareholders' equity (%)	6.18%	6.41%
	Net profit ratio (%)	15.59%	14.20%
	Earnings per share (NT$)	2.43NT	2.53NT

(IV) State of R&D

The Group is not in the manufacturing business and therefore does not have a dedicated R&D department. In consideration of the rising awareness of safety and health domestically, the Group plans to step into the radiation sterilization business, and has been approved by the Ministry of Science and Technology (MOST) to develop its radiation sterilization business in Tongluo Science Park and engage in the business lines including sterilization validation testing, X-ray sterilization, electron irradiation sterilization, and R&D of radiation-resistant materials. This project is currently still in the preparatory, and is expected to formally begin operation in

2023.

II. 2022 Business Plan

(I) Operating policy

1. Product development strategy

The Group has long been committed to introducing high-end medical equipment and technologies for improvement of domestic medical standards. In recent years, the Group has further engaged in precision medicine and successfully introduced proton therapy systems and MRI linear accelerators able to eliminate tumors while protecting normal tissues of the patients; Having observed smart healthcare trends, the Group has also acquired AI smart healthcare solutions with the EU's CE and Korea's KFDA certification; these products will help optimize medical procedures and enhance the accuracy of medical decisions, which will provide great benefits to patients in Taiwan.

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

2. Medical service strategies

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

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

3. Overseas market operations

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

Further, in the Southeast Asian market, the Group has already assisted the first hospital affiliated to Mayapada Hospital Group in establishing radiation oncology departments and

actually put it into operation for the treatment of cancer patients. In the future, we will continue to provide medical management services, aiming to help Southeast Asian countries improve medical quality and cultivate medical talents.

4. Diversified expansion

The Group is used to noting external environmental changes and market trends proactively. Recently, it has developed different fields based on medical treatment as its main profession, hoping to promote the overall health and well-being of mankind.

In order to deal with the upcoming age of big data, the Group has successfully developed the iROIS application platform, which combines HIS and OIS, and integrated information horizontally to help improve the efficiency of clinical operations and optimize operating procedures. With the approach of the post-Covid age, the Group has observed an even closer link between the public and pharmacies, including the merger of chain community pharmacies, and has begun extending its feelers from the B2B market into the B2C market, which will better integrate the existing healthcare channel industry chain; In consideration of the rising awareness toward safety and health, the Group steps into the radiation sterilization business, plans to introduce the photon radiation and electro radiation sterilization systems from IBA, a Belgium-based company, in order to drive Taiwan's sterilization industry to develop toward a safe, high-performance and low-pollution environment.

(II) Expected sales volume and its basis

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

(III) Key production and marketing policies

1. Full-range product lines in various medical fields

The Group distributes full-range product lines, under the radiation oncology treatment brands, including Elekta, PTW Freiburg Gmb (PTW), Ashland, C-RAD, IBA, and Klarity Medical, etc.; brands of neuroscience equipment distributed by the Group are: Elekta, Megin, Leica, Hillrom, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical, and Advantech; medical imaging brands including Swissray, etc.; ophthalmology brands including Bausch+Lomb, Ellex, Leica, PhysIOL, Wexler, Hillrom (Welch Allyn), and Albomed, etc.; Vuno artificial intelligence (AI) medical solutions; as well as the medical lead glass made by Nippon Electric Glass Co., Ltd. These are all internationally renowned brands with high name recognition and market share, and are performing continued R&D investment to develop new products, new functions, and new technologies, which will create new market demands and maintain their competitive edge.

2. Improved all-round medical management services

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents the growth potential. The Group also deepens the development of equipment collaboration to transform it into the omnibearing medical management services, and sets up service locations in Taiwan, China and Indonesia, in order to have the internal technical team provide real-time technical support from installation and maintenance services to equipment upgrading. The leasing program can also be combined with comprehensive services including departmental planning and construction, management consultation and medical technician training. The soft power of equipment and medical technology collaboration provided by the Group is deeply favored by medical institutions, making suppliers' long-term collaboration with us strongly desirable, as well as more stable and comprehensive partnership with upstream and downstream dealers.

3. Continued expansion in overseas markets

Again, with the successful experience in Taiwan, the Group has taken the initiative to engage in the medical equipment markets in China and Southeast Asia which present great growth potential in the Asia Pacific region, hoping to enable each cancer patient to take treatment locally as its mission and also help the two markets speed up the popularization of cancer treatment. Presently, subsidiaries have been set up in China and Indonesia. In China, the business model that combines sales and medical management service is taken to gain access to the local medical market, and introduces international medical equipment and Taiwan's professional experience in medical treatment. The Group also seizes every opportunity by keeping watching the movement of policies and market trends. In Indonesia, the Groups works with Mayapada Hospital Group, a local medical service institution, to continuously promote medical management services to other medical institutions, thus providing the more all-round and multi-faceted medical management service for the Indonesian market.

4. Extension of diversified business entities

The Group believes in that if the business development stops moving forward, it will fall behind. Therefore, in addition to pursuing the main profession's stable growth, the Group also expects to engage in multi-faceted development and contribute new momentum to the business sustainability. In the recent years, the Group has invested in development of the iROIS and also launched into the long-term care market and high-tech radiation sterilization industry, hoping to continue expanding its business domain to solidify its influence in related areas and lay the foundation for its leadership in integrated medical equipment, technology and service in the Asia-Pacific region.

III. The Company' s future development strategy

(I) Short-term business development plan

1. The Group combines the two business models of sales and medical management services to promote the high-end medical instruments and equipment it distributes, which has expanded the scale of its medical instrument and equipment channels, strengthened its service

technology and quality, and boosted the market share of its products.

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

(II) Long-term business development plan

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

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

At present, the domestic high-end or large-scale medical equipment is still mainly imported from Europe and the United States. Despite all the distributorship contracts signed with foreign suppliers, the Group' s operations can be affected if any changes to the distributorship happen. In

view of this, the Group continues great efforts to create excellent sales performance and train the professional technical team for high-quality services so that the suppliers will rely on our performance and robust partnership will be maintained.

In terms of the regulatory environment, where the medical equipment is more strictly regulated and required to go through layers of reviews as well as inspection and registration required by the Ministry of Health and Welfare, the Group keeps an eye on the changes of enactment to ensure a stable business environment.

With the advent of an aging society in Taiwan, as well as the spread of epidemic diseases around the globe and the increasing medical needs from developing countries, fueled by the growing awareness of hygiene and health, the medical equipment industry enjoys a sound development environment as a whole. Moreover, the Taiwanese government's policy of promoting the biotechnology industry, along with China's 13th Five-Year Plan, and the Indonesian government's implementation of a local health insurance system, coupled with people's basic need for healthcare, all ensure that the medical equipment industry is less susceptible to the impact of economic volatility and lead to a generally optimistic outlook. We therefore expect the potential for further growth to exist. As a result, in terms of the overall business environment, our attitude is very positive.

Sincerely Yours,

Chairman: Pei-Lin, Lee

Two. Company Profile

I. Date of Incorporation

Holding company: CHC Healthcare Group (CHC)

Registration date: November 27, 2009

II. Company History

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

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

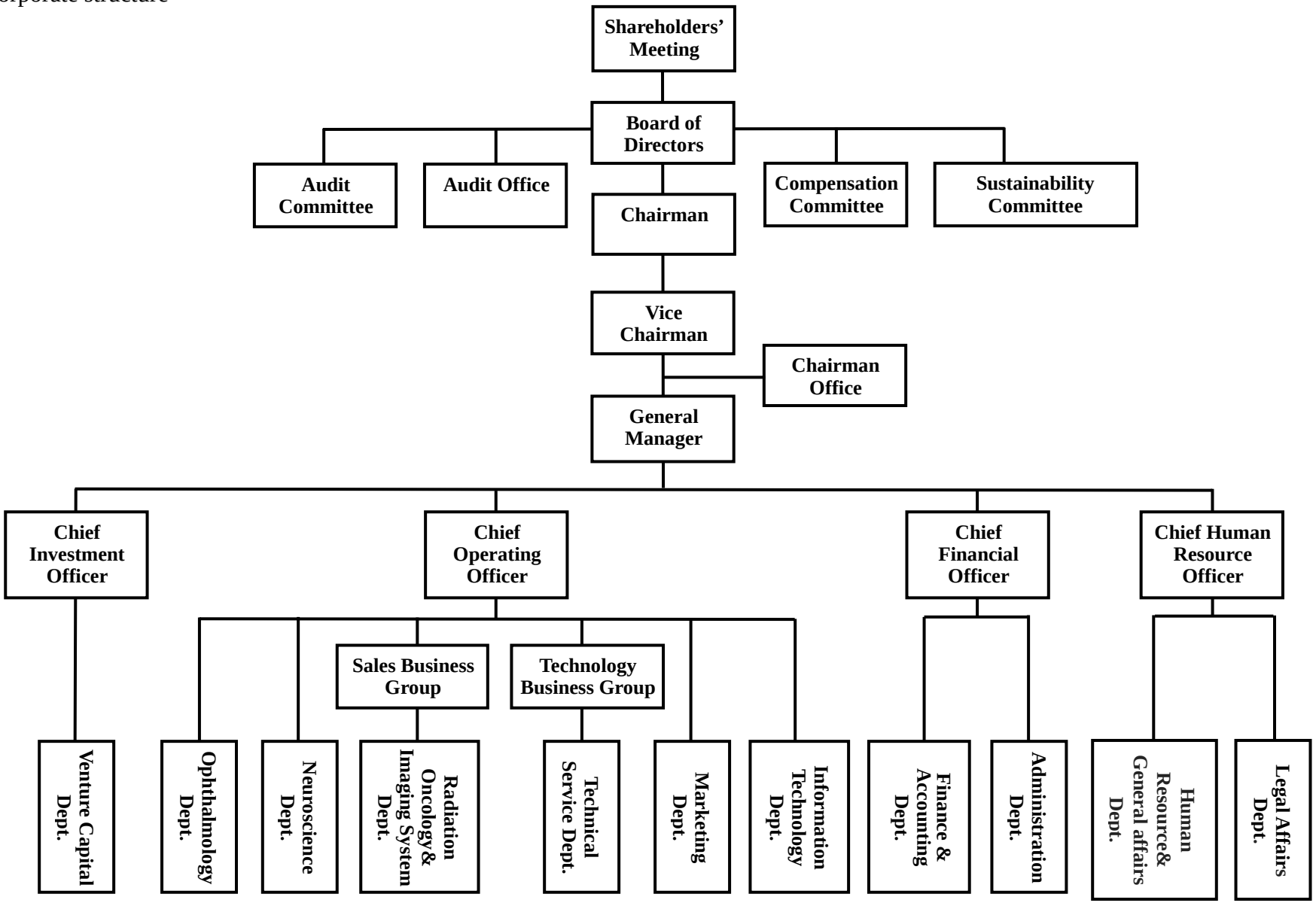
	Merger of the subsidiaries Tung Ying Biotech Co., Ltd. and E Century Health Care Corporation, with the latter as the surviving company.
	Establishment of Chiu Ho (CHINA) Medical Technology Co., Ltd., a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	Merger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

	Exclusive distributorship with Sony, a Japanese company, for its integrated medical imaging equipment for the Taiwan market.
	Exclusive distributorship with CAScination, a Swiss company, for its stereotactic navigation system for the Taiwan market.
2019	Merger of the subsidiaries Chiu Ho Scientific Co., Ltd. and Ho-Shin Instruments Co., Ltd., with the former as the surviving company.
	Establishment of PT. CHC MEDIKA INDONESIA, added to the list of controlled companies for the development in the Indonesian market.
	Activation of the comprehensive medical management services in Indonesia.
	Establishment of CHC Long-Term Care Corporation, added to the list of controlled companies to engage in long-term care service institutions.
	Exclusive distributorship with Cyberdyne, a Japanese company, for its full range of HAL® mechanical exoskeleton products in the Taiwan market.
	Exclusive distributorship with Hillrom, a US company, for its operating room products and Welch Allyn product line for the Taiwan market.
	Exclusive distributorship with Albomed, a German company, for its artificial vitreous for the Taiwan market.
2020	The proposal of the subsidiary Shin-Ho Instruments Co., Ltd. for the investment in sterilization business was reviewed and approved at the Session of the Review Conference held by the Science Park of the Ministry of Science and Technology.
	Exclusive distributorship with Advantech, a Taiwanese company, for its medical surgery-related products for the Taiwan market.
2021	First certification of ISO 45001 Occupational Health and Safety Management System.
	Merger of the subsidiaries Chiu Ho Medical System Co., Ltd. and Medlink Healthcare Limited, with the former as the surviving company.
	Acquired 51% equity of Treasure of Health Co., Ltd. in order to expand operations.
	Exclusive distributorship with Vuno, a Korean company, for its artificial intelligence (AI) medical solutions in the Taiwan market.

Three. Corporate Governance Report

I. Organization

(I) Corporate structure



(II) Department operations

CHC Healthcare Group is operated in conjunction with more than ten subsidiaries at home and abroad. The Company aggregately supports the subsidiaries with logistic resources and, with the resources sharing and integration through the corporate platform, the management performance in enhanced. Meanwhile, CHC Healthcare Holding is charged to centrally controlls and supervises the subsidiaries for a higher operational efficacy. The Holding company is also responsible for the external capital market, investor relations and relevant financing matters.

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

II. Directors, Supervisors and Management Team

(I) Directors and supervisors

April 17, 2022 Unit: Share

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	British Virgin Islands	Princeton Healthcare Limited	—	2020. 06.12	3 years	2012. 01.06	28,257,983	19.95%	28,257,983	17.50%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Representative of a Juristic Person Director / Chairman	ROC	Representative of Princeton Healthcare Limited: Pei-Lin, Lee	M 71~80 years	2020. 06.12	3 years	2009. 11.25 (note 2)	5,682,151	4.01%	6,285,151	3.89%	3,863,808	2.39%	28,257,983 (note 3)	17.50%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman / Director / Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, Meditron Group Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, CHIEN-LIN Limited Chairman/Representative of juristic-person director, S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Chen Lin Charity Foundation	Vice Chairman	Tien-Ying, Lee	Father and Son	(Note 4)
Vice Chairman	ROC	Tien-Ying, Lee	M 41~50 years	2020. 06.12	3 years	2009. 11.25	9,017,985	6.37%	9,413,985	5.83%	31,000	0.02%	0	0	School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Resident, Department of Medicine, Mackay Memorial Hospital Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital	Chairman/Director/Representative of juristic-person Supervisor of subsidiaries of CHC Healthcare Group Director, CHC Healthcare Group Chairman, Butterfield Management Group Limited Chairman, SMTH AG Chairman, Swissray Medical AG Chairman, Swissray International Inc. Supervisor, AESolution Biomedical Co., Ltd. Representative of Juristic-person Chairman/General Manager, Swissray Asia Healthcare Co., Ltd.	Chairman	Pei-Lin Lee	Father and Son	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected (note 1)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Chief Operating Officer/Representative of juristic-person director, S&S Healthcare Holding Ltd. Superintendent, YeeZen General Hospital Director, Swissray Healthcare Holding (H.K.) Limited Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Shin Shin Healthcare Co., Ltd. Director and Chief Executive Officer, Chen Lin Charity Foundation				
Director	ROC	Chun-Shung, Huang	M 81~90 years	2020. 06.12	3 years	2012 01.06	0	0	0	0	0	0	0	0	School of Medicine, Kaohsiung Medical University (originally known as Kaohsiung Medical College) A Pass on Exams for Doctors Held by Ministry of Examination Specialist, Department of Orthopaedics President, Childhood Burn Foundation of The Republic of China President, Hospice Foundation of Taiwan Director, Taiwan Medical Center Association Director, Taiwan Orthopaedic Association Superintendent, Mackay Memorial Hospital President, Mackay Memorial Hospital Superintendent, Jen Ching Memorial Hospital	Director, Kimma Foundation Honorary Physician and Consultant, Mackay Memorial Hospital Attending Physician, Department of Orthopaedics, Changhua Christian Hospital Head Consultant / Physician, Department of Orthopaedics, YeeZen General Hospital	N/A	N/A	N/A	
Juristic-person director	ROC	Yen-Hsin Investment Ltd.	—	2020. 06.12	3 years	2014. 06.17	177,262	0.13%	177,262	0.11%	0	0	0	0	N/A	Director, Sunengine Co., Ltd./Feng-Shin Venture Capital Co., Ltd.	N/A	N/A	N/A	
Representative of a Juristic Person Director	ROC	Representative of Yen-Hsin Investment Ltd.: Yung-Shun, Chuang	M 61~70 years	2020. 06.12	3 years	2014. 06.17	423,108	0.30%	423,108	0.26%	0	0	0	0	EMBA, National Taiwan University President, AAEON Technology Inc.	Representative of juristic-person director and Chairman, AAEON Technology Inc., Onyx Healthcare Inc., Yan-You Investment Inc., AAEON Technology (Su Zhou) Inc., Onyx Healthcare (Shanghai) Inc. Chairman, Yen-Hsin Investment Ltd./Fu-Li Investment Inc./Everfocus Electronics Corp. Independent director, Top		N/A	N/A	

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

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

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

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

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

Note 4: If the Chairman of the Company and the General Manager or equivalent (top manager) are the same person, spouse or relatives of one degree of kinship, explain the reasons, rationality, necessity and corresponding measures (e.g. increasing the number of independent directors, and there should be more than half of the directors who are not employees or managers, etc.): the current General Manager and Chairman of the Company are the same person, because no qualified professional manager can hold the position after the former General Manager leaves office. In order not to affect the normal operation of the Company, the post of general manager is concurrently held by the Chairman who has been working in the medical industry for more than 40 years. Being in a special industry which has a relatively high entry barrier and requires medical expertise, relational networks and the concept of international market, the company is actively seeking for such talent while promoting elite talent training programs internally, with a view to find a qualified general manager as soon as possible.

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

(1) Major shareholders of the institutional shareholders

April 17, 2022

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

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

N/A

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

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

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

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

(2) Diversity and independence of Board of Directors

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

The "Corporate Governance Best Practice Principles" drafted by the Company has been passed by a resolution of the Board of Directors, and its content includes a plan for the diversification of Board composition and implementation. The Company's Board consists of 7 members, of which 3 are independent directors. Because the Company's industry chiefly consists of medical-related areas, 5 directors have a background in medicine; in addition, one director has a background in financial accounting and one director has a background in medical information software. This composition is consistent with the Company's operating and development needs and the effectiveness of its functional committees. The Company emphasizes gender equality in the composition of Board members. However, due to the difficulty of finding female directors from medical industry fields to join the Board, the Company has made this a goal, and is striving to include female directors meeting the needs of the Company and the required specializations. It is expected that to reach this goal, one female director will be added to the 7th Board of Directors. The Company drafted a succession plan for the Board of Directors and key management positions in 2021, and reported this plan to the Board of Directors on November 2, 2021. Please refer to page 39 concerning the state of diversification of the Board of Directors.

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

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

(II) Management Team

April 17, 2022 Unit:Share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Pei-Lin Lee	M	2018.07.31	6,285,151	3.89%	3,863,808	2.39%	28,257,983	17.50%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman/Director/Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, Meditron Group Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, CHIEN-LIN Limited Chairman/Representative of juristic-person director, S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Chen Lin Charity Foundation	Vice President, Overseas Business Group	Tien-Ying, Lee	Father and son	(Note 2)
Vice President, Overseas Business Group	ROC	Tien-Ying, Lee (Note 1)	M	2020.01.01	9,413,985	5.83%	31,000	0.02%	0	0	School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Resident, Department of Medicine, Mackay Memorial Hospital Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital Pass	Chairman/Director/Representative of juristic-person Supervisor of subsidiaries of CHC Healthcare Group Director, CHC Healthcare Group Chairman, Butterfield Management Group Limited Chairman, SMTH AG Chairman, Swissray Medical AG Chairman, Swissray International Inc. Supervisor, AESolution Biomedical Co., Ltd. Representative of Juristic-person Chairman/General Manager, Swissray Asia Healthcare Co., Ltd. Chief Operating Officer/Representative of juristic-person director, S&S Healthcare Holding Ltd. Superintendent, YeeZen General Hospital Director, Swissray Healthcare Holding (H.K.) Limited Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Shin Shin Healthcare Co., Ltd. Director and Chief Executive Officer, Chen Lin Charity Foundation	General Manager	Pei-Lin, Lee	Father and son	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer, Oncology Business Group	ROC	Yee-Min Jen	M	2014.05.16	29,000	0.02%	0	0	0	0	M76, School of Medicine, National Defense Medical Center PhD in Oncology, University of Manchester Specialist in Radiation Oncology Specialist, Taiwan Academy of Hospice Palliative Medicine Resident / Chief Resident / Physician / Division Chief-Radiation Physics / Division Chief-Radiation Therapy / Director; Department of Radiation Oncology, Tri-Service General Hospital Associate Professor / Professor; Radiation Oncology Discipline, National Defense Medical Center Member of Cancer Committee and Director of Group for Quality Management , Tri-Service General Hospital Director, OSCE, Tri-Service General Hospital Associate Chair, School of Medicine, National Defense Medical Center Department of Health and welfare Cancer Quality Certification Survey Committee Director, Taiwan Society for Therapeutic Radiology and Oncology	Attending Physician, Dept. of Radiation Oncology/Vice Superintendent, YeeZen General Hospital Adjunct Attending Physician, Dept. of Radiation Oncology, Tri-Service General Hospital Adjunct Professor; National Defense Medical Center	N/A	N/A	N/A	
COO	ROC	Ming-Lun Lee	M	2011.01.01	57,250	0.04%	0	0	0	0	Department of Mechanical Engineering, National Taipei University of Technology	Representative of juristic-person director of subsidiaries of CHC Healthcare Group Director, AESolution Biomedical Co., Ltd. Supervisor, Cheng-Hsin Biotechnology Co., Ltd.	N/A	N/A	N/A	
CFO and Corporate Governance Officer	ROC	Yi-Chun Chen	F	2011.02.01	35,000	0.02%	0	0	0	0	Department of Accounting, Fu Jen Catholic University Assistant Vice President, PricewaterhouseCoopers (PwC) Taiwan	Representative of juristic-person Director, representative of juristic-person Supervisor, Director and Supervisor of subsidiaries of CHC Healthcare Group Director, AESolution Biomedical Co., Ltd. Director, Chen Lin Charity Foundation	N/A	N/A	N/A	

Note:1 :In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying, Lee, was discharged on March 19, 2021.

Note 2: If the General Manager or equivalent (top manager) and the Chairman are the same person, spouse or relatives of one degree of kinship, disclose the reasons, rationality, necessity and corresponding measures (e.g. increasing the number of independent directors, and there should be more than half of the directors who are not employees or managers, etc.): the current General Manager and Chairman of the Company are the same person, because no qualified professional manager can hold the position after the former General Manager leaves office. In order not to affect the normal operation of the Company, the post of general manager is concurrently held by the Chairman who has been working in the medical industry for more than 40 years. Being in a special industry which has a relatively high entry barrier and requires medical expertise, relational networks and the concept of international market, the company is actively seeking for such talent while promoting elite talent training programs internally, with a view to find a qualified general manager as soon as possible.

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

(I) Remuneration of directors and independent directors in 2021

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

Title	Name	Remuneration of Director								Total remuneration (A+B+C+D) and ratio of net income after tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total compensation (A+B+C+D+E+F+G) and ratio to net income after tax (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Princeton Healthcare Limited	0	0	0	0	800	800	0	0	800 0.21%	800 0.21%	0	0	0	0	0	0	0	0	800 0.21%	800 0.21%	N/A
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	0	0	0	0	0	0	40	40	40 0.01%	40 0.01%	10,259	10,259	0	0	0	0	0	0	10,299 2.70%	10,299 2.70%	N/A
Vice Chairman	Tien-Ying Lee	0	0	0	0	800	800	48	48	848 0.22%	848 0.22%	8,253	8,253	0	0	0	0	0	0	9,101 2.38%	9,101 2.38%	N/A
Director	Chun-Shung Huang	0	0	0	0	800	800	48	48	848 0.22%	848 0.22%	0	0	0	0	0	0	0	0	848 0.22%	848 0.22%	N/A
Director	Yen-Hsin Investment Ltd.	0	0	0	0	800	800	0	0	800 0.21%	800 0.21%	0	0	0	0	0	0	0	0	800 0.21%	800 0.21%	N/A
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0	0	0	48	48	48 0.01%	48 0.01%	0	0	0	0	0	0	0	0	48 0.01%	48 0.01%	N/A
Independent director	Gui-Duan Chen	0	0	0	0	800	800	156	156	956 0.25%	956 0.25%	0	0	0	0	0	0	0	0	956 0.25%	956 0.25%	N/A
Independent director	Chang-Jian Ho	0	0	0	0	800	800	156	156	956 0.25%	956 0.25%	0	0	0	0	0	0	0	0	956 0.25%	956 0.25%	N/A
Independent director	Geng-Wang Laiw	0	0	0	0	800	800	156	156	956 0.25%	956 0.25%	0	0	0	0	0	0	0	0	956 0.25%	956 0.25%	N/A

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

Remuneration Grading Table

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

(II) Remuneration of General Manager and Vice Presidents in 2021

Unit: NT$ thousands; thousand shares; %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total remuneration (A+B+C+D) and ratio to net income after tax (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Pei-Lin, Lee	34,050	34,050	0	0	0	0	57	0	57	0	34,107 8.94%	34,107 8.94%	N/A
Vice President,	Tien-Ying, Lee (Note 1)													
CEO, Oncology Business Group	Yee-Min Jen													
COO	Ming-Lun Lee													
CFO and Corporate Governance Officer	Yi-Chun Chen													

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying, Lee, was discharged on March 19, 2021.

Remuneration Grading Table

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

(III)Remunerations of managers, 2021

December 31, 2021 Unit: NT$ thousands; %

	Title	Name	Stock amount	Cash amount	Total	Ratio of the total to after-tax net profit (%)
Manager	General Manager	Pei-Lin Lee	0	57	57	0.01
	Vice President	Tien-Ying, Lee (Note 1)				
	CEO, Oncology Business Group	Yee-Min Jen				
	COO	Ming-Lun Lee				
	CFO and Corporate Governance Officer	Yi-Chun Chen				

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

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

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

Year / Category	2020		2021	
	CHC	Consolidated	CHC	Consolidated
Ratio of total director remunerations to after-tax net profit	6.40%	6.40%	6.48%	6.48%
Ratio of total supervisor remunerations to after-tax net profit	0.00%	0.00%	0.00%	0.00%
Ratio of total General Manager and Vice President remunerations to after -tax net profit	9.01%	9.01%	8.94%	8.94%

1. Directors' remuneration: Allocated in accordance with the Articles of Incorporation and in reference to the Board of Directors' performance assessment results. The ratio of remuneration was the equivalent to the ratio in 2020.
2. Supervisor remunerations: It is not applicable because the function and power of the supervisor is replaced by the Audit Committee established after the 2017 election of director.
3. Remuneration of General Manager and Vice Presidents: Assessed and calculated in accordance with the Company' s "Managers' performance evaluation and remuneration standards" in consideration of the Company's overall operating performance growth in 2021, and the ratio consequently increased compared with 2020.

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

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

According to the first paragraph of Article 24.1 of the Corporate Charter, an amount of no more than 5% from the balance, if any, as result of the yearly profit (i.e. pre-tax profit minus remunerations to employees and directors) minus accumulated loss, should be allocated as director remunerations. The manager's annual and long-term performance goals and the policies, systems, standards and structures for compensation and

remuneration are based on the company's " Manager performance evaluation and remuneration standard" and " Performance Evaluation Guidelines", which considered comprehensive aspects such as professional ability and positions held, and are highly linked to financial and non-financial performance goals as follows: 1. Financial indicators: revenue and profit based on the company's management profit and loss statement and the achievement rate of actual goals; 2. Non-Financial indicators: including team leadership and management ability, resource management, work performance, sense of responsibility, negotiation and decision-making, working time management, morality, statements and actions, a total of seven indicators. After the weighted evaluation score is calculated, Chairman evaluates his managerial officers' business performance to use as the basis for remuneration payment. Relevant performance evaluation and remuneration reasonableness shall be reviewed by the Compensation Committee and the Board, while the remuneration system will be discussed and adapted from time to time based on the actual operational conditions and related laws and regulations, in order to balance the Company's sustainable operations and risk control.

(2) Future risks:

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

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period (2021). The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) 【B/A】	Remark
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	5	1	83%	
Vice Chairman	Tien-Ying Lee	6	0	100%	
Director	Chun-Shung Huang	6	0	100%	
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	6	0	100%	
Independent director	Gui-Duan Chen	6	0	100%	
Independent director	Chang-Jian Ho	6	0	100%	
Independent director	Geng-Wang Laiw	6	0	100%	

Other matters documented:

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

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

Date	Term	Agenda	Comments from independent directors	Handling of the comments
March 19, 2021	4th meeting of 6th Board	1. The Company's proposed private placement of ordinary shares.	Concurrence.	Case passed.
		2. The Company's proposed loans to affiliates.		
		3. The Company's proposal of endorsements and guarantees for affiliates.		
		4. Proposal of the amendment to the Company's "Procedures Governing the Acquisition or Disposal of Assets".		
		5. Proposed revision of certain articles of the "Computerized Information System Cycle"		

		of the Company's internal control system. 6. Review and adjustment on remuneration to the Company's Vice Chairman.		
May 5, 2021	5th meeting of 6th Board	1. The Company's proposed loans to affiliates. 2. The Company's proposal of endorsements and guarantees for affiliates.	Concurrence.	Case passed.
August 3, 2021	7th meeting of 6th Board	1. The Company's proposed loans to affiliates. 2. The Company's proposal of endorsements and guarantees for affiliates. 3. Proposed merger of two of the Group's subsidiaries.	Concurrence.	Case passed.
October 6, 2021	8th meeting of 6th Board	1. The Company's proposed planning of extended medical business investment. 2. The Company's drafting of issuance matters in connection with private placement of ordinary shares.	Concurrence.	Case passed.
November 2, 2021	9th meeting of 6th Board	1. The Company's proposal of loans to affiliates. 2. The Company's proposal of endorsements and guarantees for affiliates. 3. Proposed provision of remuneration to directors and employees for 2021. 4. Revision of the "Regulations Governing Board of Directors Performance Assessment." 5. Proposed revision of certain articles of the internal control system's "Purchasing and Payment Cycle," "Payroll and Personnel Cycle," and "Real Estate, Plant, and Equipment Cycle."	Concurrence.	Case passed.

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

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

Date	Name	Agenda	Reason for avoidance	Voting participation
March 19, 2021	Tien-Ying, Lee	Review and adjustment on remuneration to the Company's Vice Chairman	The party concerned	Not taking the vote
March 19, 2021	Pei-Lin Lee	The Chairman's concurrent assumption of chief investment officer and chief HR officer positions	The party concerned	Not taking the vote

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

Status of appraisal on the Board of Director:

Appraisal Period	Appraisal Cycle	Appraisal Scope	Appraisal Method	Appraisal Contents
Once per Year	January 1, 2021 to December 31, 2021	Board of Directors	Self-evaluation of the Board of Directors	Degree of engagement in the Company's operation, quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.
Once per Year	January 1, 2021 to December 31, 2021	Individual Board Member	Self-evaluation of Board Member	Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.
Once per Year	January 1, 2021 to December 31, 2021	Functional committees	Self-evaluation of Board Member	Degree of engagement in the Company's operation, awareness toward functional

				committees' responsibilities and duties, quality of the functional committees' decision making, formation of the functional committees and election of members, and internal control.
Implemented once every 3 years	November 1, 2020 to October 31, 2021	Board of Directors Individual Board Member Functional committees	Commissioned external professional organizations	Composition of the Board, guidance of the Board, authorization of the Board, supervision of the Board, communication, internal control, and risk management of the Board, self-discipline of the Board, and other matters such as the Board meeting and support system, etc.

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

(I) Enhancing the Board functions

The Company has already established 3 independent directors - Mr. Gui-Duan Chen, Mr. Chang-Jian Ho, and Mr. Geng-Wang Laiw, who attended 100% of the Board meetings in 2021, and with their industrial knowledge, accounting and financial expertise, provided good suggestions concerning the internal control system as well as the business and finance related matters.

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

(II) Improving information transparency

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

V. Independent directors' attendance of Board meeting in 2021 (personal, entrusted attendance, non-attendance)

Name	4rd meeting of 6th Board	5rd meeting of 6th Board	6rd meeting of 6th Board	7rd meeting of 6th Board	8rd meeting of 6th Board	9rd meeting of 6th Board
Gui-Duan Chen	Personal	Personal	Personal	Personal	Personal	Personal
Chang-Jian Ho	Personal	Personal	Personal	Personal	Personal	Personal
Geng-Wang Laiw	Personal	Personal	Personal	Personal	Personal	Personal

(II) Audit Committee

A total of 5 (A) Audit Committee meetings were held in the previous period (2021). The attendance of the independent directors was as follows:

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

Other matters documented:

I. Annual focus of the Audit Committee

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

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

Summary of 2021 work focus:

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

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

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

Audit Committee Date of convening	Term	Agenda	Committee resolution	Handling of the Company's opinions on the committee
March 19, 2021	3rd meeting of the 2nd committee	1. The Company's 2020 parent company only financial report and consolidated financial reports.	Concurrence	Case passed.
		2. The Company's proposed private placement of ordinary shares.		
		3. The Company's proposed loans to affiliates.		
		4. The Company's proposal of endorsements and guarantees for affiliates.		
		5. Proposed revision of certain articles of the "Computerized Information System Cycle" of the Company's internal control system.		
May 5, 2021	4th meeting of the 2nd committee	1. The Company's proposed loans to affiliates.	Concurrence	Case passed.
		2. The Company's proposal of endorsements and guarantees for affiliates.		
August 3, 2021	5th meeting of the 2nd committee	1. The Company's proposed loans to affiliates.	Concurrence	Case passed.
		2. The Company's proposal of endorsements and guarantees for affiliates.		
		3. Proposed merger of two of the Group's subsidiaries.		
October 6, 2021	6th meeting of the 2nd committee	1. The Company's proposed planning of extended medical business investment.	Concurrence	Case passed.
		2. The Company's drafting of issuance matters in connection with private placement of ordinary shares.		
November 2, 2021	7th meeting of the 2nd committee	1. The Company's proposed loans to affiliates.	Concurrence	Case passed.
		2. The Company's proposal of endorsements and guarantees for affiliates.		
		3. Proposed revision of certain articles of the internal control system's "Purchasing and Payment Cycle,"		

		"Payroll and Personnel Cycle," and "Real Estate, Plant, and Equipment Cycle."		

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

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

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

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

Date	Approach	Issue	Result
March 19, 2021	Audit Committee	2020 Q4 internal audit report.	Internal audit report approved, and presented by the Audit Head at the Board meeting.
May 5, 2021	Audit Committee	2021 Q1 internal audit report.	Internal audit report approved, and presented by the Audit Head at the Board meeting.
August 3, 2021	Audit Committee	2021 Q2 internal audit report.	Internal audit report approved, and presented by the Audit Head at the Board meeting.
November 2, 2021	Audit Committee	1. 2021 Q3 internal audit report. 2. 2022 internal audit plan.	1.Internal audit report approved, and presented by the Audit Head at the Board meeting. 2.Annual audit plan approved and submitted to the Board for resolution.

(II) Independent directors' communication with CPA:

Date	Approach	Issue	Result
March 19, 2021	Audit Committee	1. CPA's briefing and explanation of 2020 audit completion stage to independent directors and communication with governance units. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	Concurrence with the CPA audit conclusions and the 2020 individual and consolidated financial statements, which were then submitted to the Board of Directors for discussion.
May 5, 2021	Audit Committee	1. CPA's briefing to independent directors and explanation of 2021 Q1 consolidated financial reports. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	CPA audit conclusion and 2021 Q1 consolidated financial report approved, and submitted to the Board.
August 3, 2021	Audit Committee	1. CPA's briefing to independent directors and explanation of 2021 Q2 consolidated financial reports. 2. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	Concurrence with the CPA's audit conclusions and 2021 Q2 consolidated financial reports, and submission to the Board of Directors.
November 2, 2021	Audit Committee	1. CPA's briefing to independent directors and explanation of 2021 Q3 consolidated financial reports. 2. CPA's briefing to independent directors and explanation of 2021 audit planning stage and communication with governance units. 3. CPA's discussion and communication concerning the questions raised at the meeting by attendees.	1. Concurrence with the CPA's audit conclusions and 2021 Q3 consolidated financial reports, and submission to the Board of Directors. 2. Concurrence with the CPA's key audit matters identified in the planning stage; it is expected that audit conclusions and financial reports will be communicated in March of next year.

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

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

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
III. Composition and duties of the Board (I) If the Board of Directors has drafted a diversity policy, what are the specific management objectives and implementation?	✓		The Company has formulated the "Code of Practice for Corporate Governance" which has been approved by the Board and implemented to organize a diversified Board member structure. The Board has seven seats, of which three are for independent directors. Since the Company is engaged in the medical business, there are five directors with medical background, one with financial background and one with medical IT background. The Board member structure meets the needs for corporate development and makes the Board effectively functional. The company also lays emphasis on the gender equality of the members of the Board. However, since it is not easy to find female directors to join in the medical industry, the Company will therefore strive to find female directors who meet the Company's industrial and professional needs. A female director is expected to be added to the 7th Board of Directors to achieve the goal. Diversified Board member structure: The Company drafted a succession plan for the Board of Directors and key management positions in 2021, and reported this plan to the Board of Directors on November 2, 2021. Please refer to page 39 concerning the state of diversification of the Board of Directors.	No major discrepancy
(II) In addition to the Compensation Committee and Audit Committee as required by the laws, will the Company voluntarily set up other functional committees?	✓		In order to strengthen corporate governance and increase the effectiveness of the Board of Directors, on November 4, 2020 the Board of Directors passed a proposal to establish the 1st "Corporate Social Responsibility Committee," which promoted the original task force "Corporate Social Responsibility Committee" to a functional committee of the Board. In compliance with laws and regulations, the March 23, 2022 Board meeting passed a proposal to rename the Corporate Social Responsibility Committee " Sustainability Committee".	No major discrepancy
(III) Does the Company formulate the method for evaluation of the Board performance and implement it on an annual basis, and report the result of evaluation to the Board of Directors and apply it as reference for the remuneration	✓		The March 24, 2016 Board resolution approved the "Board Performance Evaluation" for the internal evaluation annually by the Board meeting at the end of the year, while the external evaluation by an independent agency or professionals should be given at least once in every three years, along with the annual evaluation of the year.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
and nomination of individual director?			In January 2021, all directors and all functional committee members conducted a self-evaluation of the performance of the 2020 Board of Directors and functional committees. In addition to the self-evaluation questionnaire, reference was made to the attendance of all Board members and functional committee members in 2020 (all members' attendance rate was 100%). This proves that all Board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committees. Therefore, the evaluation result is that all board members and functional committee members have demonstrated excellent performance. In January 2022, all directors and all functional committee members conducted self-evaluation of the performance of the 2021 Board of Directors and functional committees. In addition to the self-evaluation questionnaire, reference was made to the attendance of all board members and functional committee members in 2021 (the attendance rate of all Board members rate was 83%-100%). This proves that all board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committees. Therefore, the evaluation result is that all board members and functional committee members have demonstrated excellent performance. Regarding the participation of all Board members in continuing education during 2021, all directors participated in at least 6 hours of continuing education consisting of director workshops; this enhanced their professional knowledge and skills, and ensured the effective operation of the Board of Directors and functional committees. The commissioned external organization Taiwan Corporate Governance Association conducted an external assessment of the 2021 Board of Directors and functional committees in December 2021, and assigned two assessment specialists to perform an on-site assessment visit on December 20, 2021, which included interviews with the Company's Chairman, functional committee chairpersons, corporate governance officer, and internal audit executive. The resulting external assessment	

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			report was submitted the Compensation Committee for approval on March 23, 2022, and has been submitted to the Board of Directors. The implementation of the above assessment was submitted to the Compensation Committee for approval and reported to the Board of Directors on March 23, 2022.	
(IV) Does the Company regularly evaluate the CPA independence?	✓		The Company conducts a regular annual assessment of the independence of the auditing CPA, and this assessment of the CPA's independence is conducted by the Board of Directors through a questionnaire containing 11 independence indicators (including the independence of hiring relationships, and of the communication or submission of reports, etc. by the CPA, and directors, managers, and concerned parties) at the end of each year. The CPA must provide an independence declaration and the completed independence assessment questionnaire to the Board of Directors to serve as a basis for review by the Board. The Board of Directors passed the 2021 CPA independence assessment on November 2, 2021; please refer to page 41 for the assessment questionnaire items.	No major discrepancy
IV. Is the Company being publicly listed equipped with dedicated or appropriate number of persons to deal with issues regarding corporate governance (including but not limited to providing information required by the directors and supervisors, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with laws, and making minutes of board meetings and shareholders' meetings, etc.)?	✓		The Company has the Finance/Accounting Department as an adjunct unit for the corporate governance, where Yi-Chun Chen, the CFO assumes the head of corporate governance, safeguarding shareholders' rights and strengthening the Board functions. She has more than three years of experiences in finance, stock affairs and relevant proceedings. The main duties of corporate governance are providing information required by the directors to conduct business, assisting the directors with legal compliance, handling corporate registration and change of registration, preparing agenda and producing minutes of Board meetings and shareholders' meetings, and arranging refresher programs for the directors. A report on 2021 business implementation was submitted to the Board of Directors on March 23, 2022: 1.Notifying the Board members of any amendments to the latest laws & regulations related to the Company's business lines and corporate	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			governance periodically. (1) The Company's monthly conference on April 12, 2021 conducted awareness of laws and regulations concerning corporate governance: Operating Procedures for Handling Internal Material Information and Preventing Insider Trading Time approximately 15 minutes; participation by 52 persons. (2) Following the Board meeting on November 2, 2021, the Company conducted awareness of laws and regulations concerning corporate governance for Board members: Handling of internal material information, prevention of insider trading, exercise of right of inclusion, and insiders' shareholding reports. Time approximately 20 minutes; participation 7 persons. 2.Assist in arranging the communication meeting between independent directors and chief internal auditor and CPAs to help the independent directors better understand the Company's business, finance and internal controls. 3.Arrange the continuing education programs for independent directors and the other directors. (1) On May 5, 2021, arranged for lecturer to teach at the Company on the topic of "Exploration of legal issues concerning real-time communication"; all 7 directors participated in this class. (2) All directors have completed the continuing education program persisting for six hours by the end of the year. 4.Report to the Board, independent directors and Audit Committee on the status of corporate governance, and make sure the shareholders' meetings and Board meetings are convened in compliance with the laws and the corporate governance best-practice principles. 5.Compiling the resolutions of Board meetings and publishing them accordingly, to ensure the legality and correctness of key messages, for the equality of trading information that investors rely on. 6.Notification to the Board members 7 days prior to the Board meeting along with the agenda prepared, and reminding the members of any conflict of interest avoidance in advance, and producing the meeting	

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			minutes within 20 days after the meeting. 7.Execution of the annual board evaluation based on the "Board Performance Evaluation Regulations" to fulfill the corporate governance. The external evaluation by an independent agency or professionals should be given at least once in every three years, along with the annual evaluation of the year. The implementation of 2019 self-evaluation of the Board and functional committees performed in January 2020 has been reported to and passed by the Remuneration Committee on March 23, 2020, and then submitted to the Board of Directors. (1) The implementation of the 2020 self-evaluation of the Board and functional committees performed in January 2021 was reported to and passed by the Compensation Committee on March 19, 2021, and was then submitted to the Board of Directors. (2) The commissioned external organization Taiwan Corporate Governance Association conducted an external performance assessment of the 2021 Board of Directors and functional committees in December 2021. The resulting external assessment report was submitted the Compensation Committee for approval on March 23, 2022, and has been submitted to the Board of Directors. 8.Record the date of shareholders' meeting by the statutory due date; produce and report the meeting advice, parliamentary handbook and minute by the prescribed due date; and complete the registration of changes in company registration entries upon amendments to the Articles of Incorporation or upon reelection of directors. 9.For investor relations: planning to arrange two investors' meetings each year to communicate and exchange ideas with institutional investors or general shareholders, so that investors can obtain sufficient information to evaluate the Company's reasonable value in the capital market for the protection of the shareholders' rights. The Company convened a total of two investors' meetings in 2021. 10.The Company has taken out liability insurance for the directors and	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>managers to alleviate major damages to the Company and shareholders due to business negligence.
11.The chief financial officer, Yi-Chun Chen, attended the following continuing education programs in 2021:
<table>
<tr><th>Date</th><th>Program Name</th><th>Hours</th></tr>
<tr><td>2021/04/22~ 2021/04/23</td><td>Continuing education class for principal accounting officers of issuers, securities firms, and securities exchanges</td><td>12</td></tr>
<tr><td>2021/05/05</td><td>Exploration of legal issues concerning real-time communication</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>✓</td><td></td><td>The Company recognizes that a good relationship with the stakeholders is an important basis for corporate growth, and the "Sustainability Committee" defines stakeholders based on the GRI Glossary and discusses and identifies four types of stakeholders including customers, suppliers, investors, and employees based on its understanding of the various types of parties contacted within the scope of each department's business. The Company has set up the section of "Stakeholders" on its official website to list the corresponding contact person for different stakeholders, in hopes of accurately holding on to stakeholders' expectations for the Company and properly responding to their concerns. In addition, the Company's Sustainability Committee periodically reports the status of communication with various stakeholders to the Board of Directors, and hopes that this will achieve even greater respect and protection for stakeholders' rights and interests.</td><td>No major discrepancy</td></tr>
<tr><td>VII. Does the Company consign a professional agency to handle the affairs of shareholders’ meetings?</td><td>✓</td><td></td><td>The Company has assigned Chinatrust Commercial Bank Stock Agency to handle the affairs of shareholders’ meetings.</td><td>No major discrepancy</td></tr>
<tr><td>VII. Information disclosure
(I) Does the Company set up a website to disclose the financial and governance information?</td><td>✓</td><td></td><td>The Company's financial, business and corporate governance information is published on the MOPS as required by the competent authorities, and disclosed on the corporate website as well.</td><td>No major discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(II) Does the Company takes other disclosure approaches (e.g. English website, dedicated staff for information collection and disclosure, spokesperson mechanism, publishing briefings for corporate investors on the corporate website)?	✓		The Company designates dedicated staff to maintain, collect and disclose the corporate information. The Company's financial and business information is announced through a single channel by the corporate spokesperson, acting spokesperson or investor relations to ensure the implementation of spokesperson mechanism. The information about investors' meetings convened from time to time is also published as required by the competent authorities and published on the investors section of the Company's official website in Chinese and English for the reference by the public.	No major discrepancy
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation early within the prescribed time limit?	✓		The Company announces annual financial reports and declares the financial reports for the first, second, and third quarters as well as the operating situation for each month in accordance with the provisions of the "Securities Exchange Act," and announced and reported such information ahead of time when reporting each quarterly financial report in 2021.	No major discrepancy
VIII. Does the Company provide other major information conducive to the understanding of the corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, refresher programs for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance for the directors and supervisors)?	✓		1.Employee rights and care: The Company attaches great importance to the employee interests by having established an Employee Welfare Committee to promote various welfare measures and activities; implemented a pension system; encouraged employees to participate in various training; provided labor insurance, national health insurance and group insurance. 2.Investor relations: The Company publishes financial and business information as required by the statutory regulations to protect the rights of investors and fulfill the responsibility to shareholders. 3.Supplier relations: The Company maintains a good communication channel with suppliers for smooth interaction. 4.Stakeholder rights: The stakeholders have access to dialogue with us for communication and suggestions so as to protect their legal rights. 5.Refresher programs for directors (2021) are shown on Page 42. 6.Implementation of risk management policies and risk measurement standards: The Company is focused on its dedicated business, and complies with relevant laws and regulations to set up corresponding	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			policies and standards for implementation, so as to minimize any possible risks. 7.Implementation of customer policies: The Company actively handles customer complaints and appropriately indentifies the causes and responsibility attribution, to ensure customer satisfaction. 8.Liability insurance for directors: The Company has procured liability insurance for the directors to alleviate major damages to the Company and directors due to business negligence.	
IX. Concerning the results of the recent corporate governance evaluations released by the TWSE Corporate Governance Center (CGC), explain improvement that has been done, and issues yet to be dealt with for improvement. Based on the results of the 7th Corporate Governance Assessment released in April, 2021, the improvements that have been done and yet to be done are shown on Page 40.				

Board of Directors diversity policy

Diversification item / Name of Director	Basic composition		Professional knowledge and skills			Complies with abilities that must be possessed by the Board of Directors as a whole (note 1)
	Gender Age	Nationality	Professional background	Professional skills	Industrial experience	
Juristic representative, Princeton Healthcare Limited Chairman: Pei-Lin Lee	Male 71~80 years	ROC	Biotechnology and medicine	Experience as leader of TWSE/TPEx listed company	Radiology Dept., National Taiwan University Hospital, Chairman of the Company and its subsidiaries and second-tier subsidiaries	1 2 3 4 5 6 7 8
Vice Chairman: Tien-Ying, Lee	Male 41~50 years	ROC	Biotechnology and medicine	Passed national physician's examination	Chief Resident, Department of Infectious Disease, Mackay Memorial Hospital; Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8
Director: Chun-Shung Huang	Male 81~90 years	ROC	Biotechnology and medicine	Passed national physician's examination	Superintendent, Mackay Memorial Hospital; Chief Consultant and Orthopedic Physician, YeeZen General Hospital	1 2 3 4 5 6 7 8
Representative of juristic-person director, Yen-Hsin Investment Ltd.: Director: Yung-Shun Chuang	Male 61~70 years	ROC	Infomation technology	Experience as leader of TWSE/TPEx listed company	EMBA, National Taiwan University; Chairman, AAEON Technology Inc.	1 2 3 4 5 6 7 8
Independent director: Gui-Duan Chen	Male 71~80 years	ROC	Accounting	Holds a CPA license	CPA, EnWise CPAs & Co.	1 2 3 4 5 6 7 8
Independent director: Chang-Jian Ho	Male 71~80 years	ROC	Biotechnology and medicine	Passed national physician's examination	Special Physician, Heping Fuyou Branch, Taipei City Hospital	1 2 3 4 5 6 7 8
Independent director: Geng-Wang Laiw	Male 41~50 years	ROC	Biotechnology and medicine	Passed national physician's examination	Vice Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8

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

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

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

According to the results of the 7th (2020) corporate governance evaluation released by the TWSE CGC in April 2021, the Company scored in the top 6% to 20% of all listed companies. In the category of companies with a market value of from NT$5.0 billion to NT$10 billion, the Company was ranked in the top 6%-10% of TWSE/TPEx listed companies. The following table contains priority items requiring improvement and strengthening measures for indicators that have been improved and not yet been improved in the 7th (2020) corporate governance evaluation:

(1) Situation has been improved	
Indicators	**Improvements**
Does the Company document the affirmative, opposing and abstention votes on the proposals in the meeting minutes, and input the result into the designated Internet information reporting website on the day of the annual general meeting?	The Company had reported the same to MOPS on the same day after the 2020 Shareholdings' Meeting.
Has the Company formulated a Board member diversity policy and disclosed the specific management goals and state of implementation on the Company's website and in the Company' s annual report?	The Company disclosed the state of implementation of its Board member diversity policy on the company website and in 2019 annual report.
Does the Company establish any functional committee other than the committees required by law, which shall consist of no less than 3 members, including the independent directors who shall account for a majority of the functional committee members, and where at least one member shall possess the professional abilities required by that committee? If it does, please disclose the composition, responsibilities, and state of functioning of the functional committee.	The Company has established a functional committee other than the committees required by laws in 2020, namely the 1st CSR Committee consisting of three independent directors. The composition, responsibilities, and state of functioning of this committee has also been disclosed on the Company' s website.
Did the Company convene at least six Board meetings in the evaluated year?	The Company convened a total of six Board meetings in 2020.
Does the Company' s annual report disclose the connection between directors' and managers' performance evaluation and remuneration.	It has already been disclosed in the Company' s 2019 annual report.
(2) Priority items requiring improvement and improvement measures	
Indicators	**Measures to take**
Has the Company drafted and disclosed on its corporate website internal rules prohibiting insiders such as directors and employees from taking advantage of information not obtainable from the market to obtain benefit and the state of implementation?	The Company has implemented such rules and disclosed this on its corporate website in 2021.
Has the Company drafted succession plans for Board members and important management-level personnel, and disclosed the state of functioning of such plans on its corporate website or in its annual report?	The Company has drafted such rules and disclosed this on its corporate website in 2021.
Has the Company established a corporate governance manager bearing responsibility for corporate governance matters, and has it explained the corporate governance manager's scope of authority, key matters performed during the year in question, and state of continuing education on its corporate website and in its annual report?	This has already been disclosed in the Company' s 2020 annual report and on its corporate website.
Has the Company disclosed its yearly greenhouse gas emissions, water usage, and total weight of waste generated during the past two years?	The Company has disclosed this information on its 2020 CSR Report.

According to the results of the 8th (2021) corporate governance evaluation released by the TWSE CGC in April 2022, the Company scored in the 21% to 35% of all listed companies. In the category of companies with a market value of from NT$5.0 billion to NT$10 billion, the Company was ranked in the 11%-20% of TWSE/TPEx listed companies.

CPA independence evaluation questionnaire

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

Director refresher programs 2021

Title	Name	Date	Program name	Hours
Representative of juristic-person director	Yung-Shun Chuang	2021/03/15	50 years of looking ahead and reflecting on the past in Taiwan: Manpower training and disaster prevention	2
Representative of juristic-person director	Yung-Shun Chuang	2021/04/26	Practical class on corporate management - Corporate digital transformation strategies and new thinking about corporate risk management in the digital age	3
Representative of juristic-person director	Yung-Shun Chuang	2021/05/04	Innovation, digital technology, and competitive advantage	3
Representative of juristic-person director	Pei-Lin Lee	2021/05/05	Exploration of legal issues concerning real-time communication	3
Vice Chairman	Tien-Ying, Lee	2021/05/05	Exploration of legal issues concerning real-time communication	3
Independent director	Gui-Duan Chen	2021/05/05	Exploration of legal issues concerning real-time communication	3
Independent director	Geng-Wang Laiw	2021/05/05	Exploration of legal issues concerning real-time communication	3
Independent director	Chang-Jian Ho	2021/05/05	Exploration of legal issues concerning real-time communication	3
Representative of juristic-person director	Yung-Shun Chuang	2021/05/05	Exploration of legal issues concerning real-time communication	3
Director	Chun-Shung Huang	2021/05/05	Exploration of legal issues concerning real-time communication	3
Representative of juristic-person director	Yung-Shun Chuang	2021/08/31	2021 Online forum on sustainable upgrading of the GreTai Securities Market	2
Representative of juristic-person director	Pei-Lin Lee	2021/09/01	13th Corporate governance forum for Taipei companies	3
Vice Chairman	Tien-Ying, Lee	2021/09/01	13th Corporate governance forum for Taipei companies	3
Director	Chun-Shung Huang	2021/09/01	13th Corporate governance forum for Taipei companies	3
Independent director	Geng-Wang Laiw	2021/09/01	13th Corporate governance forum for Taipei companies	3
Independent director	Gui-Duan Chen	2021/09/30	Application of decision analysis to money laundering	3
Independent director	Gui-Duan Chen	2021/10/01	Trust assets inheritance tax planning	3
Independent director	Gui-Duan Chen	2021/10/04	Introduction to appraisal statements and guidelines	3
Independent director	Gui-Duan Chen	2021/10/22	Corporate M&As and appraisal	3
Independent director	Gui-Duan Chen	2021/10/29	Explanation of appraisal-related tax law	3
Independent director	Chang-Jian Ho	2021/11/05	2021 Insider trading prevention awareness meeting	3
Independent director	Gui-Duan Chen	2021/11/09	Appraisal reviews	3

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

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

1. Compensation Committee member profile

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

2. The operations

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

(2) The sessions: June 12, 2020 thru June 11, 2023. The committee meetings were given twice (A) in 2021, and the attendance is as follows:

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

Other matters documented:

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

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

Date of meeting	Session	Proposal	Resolution	Propoal handling by the Company
March 19, 2021	2nd meeting of 5th Board	1. Distribution of remuneration to employees and directors in 2020. 2. Revision of the Company's manager performance evaluation and remuneration standards. 3. Review of the Company' s existing regulations governing distribution of remuneration to employees. 4. Report on the Board of Directors performance evaluation results. 5. Review of distribution of year-end bonuses to managers in 2020. 6. Review and adjustment of remuneration to the Company's Vice Chairman. 7. Appointment of senior managers in 2021.	Unanimous concurrence by the Committee.	Passed unanimously after submission to the Board of Directors.
November 2, 2021	3rd meeting of 5th Board	1. Proposed provision of remuneration to directors and employees for 2021. 2. Revision of the Company's "Regulations Governing Board of Directors Performance Assessment." 3. Annual work plan of the Compensation Committee for 2022.	Unanimous concurrence by the Committee.	Passed unanimously after submission to the Board of Directors.

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

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
I. Has the company established a governance framework and dedicated (concurrent) responsible unit for the promotion of sustainable development? Has the Board of Directors authorized senior management to handle this issue? What is the state of oversight by the Board of Directors?	✓		In order to put corporate sustainability management and implementation on a sound footing, the Company established the Corporate Social Responsibility Committee as a task force in 2016. This committee is headed by the Chairman, and contains five working groups responsible for corporate governance, customer service, employee welfare, environmental sustainability, and social participation. The committee has integrated resources from various departments and incorporated ESG as a link in the Company's sustainability management strategy. In order to strengthen corporate governance and increase the effectiveness of the Board of Directors, the Board of Directors resolved to establish the 1st "Corporate Social Responsibility Committee" in 2020, which was composed of the Company's three independent directors, and promoted the original task force "Corporate Social Responsibility Committee" to a functional committee of the Board of Directors. The Company also adopted "Corporate Social Responsibility Committee Charter". Furthermore, in compliance with the Sustainable Development Roadmap issued by the Financial Supervisory Commission, this committee was renamed as "Sustainability Committee" in 2022. (Please refer to page 58 concerning the committee's organization.) The Sustainability Committee convenes at least once each year, and has chief duties including drafting annual ESG plans reflecting the Company's business strategies and tracking implementation results, reviewing corporate sustainability policies, systems, and management strategies, assignment of working groups to prepare and issuing annual sustainability reports, and regular reporting to the Board of Directors concerning the implementation status in Q1 and status of communication with CHC's various stakeholders in Q3 of each year. The Company's Board of Directors regularly listens to reports from the Sustainability Committee and management team, and bears responsibility for approval of annual ESG plans and review of past implementation results. In addition, the Board of Directors also monitors engagement between the Company and stakeholders, routinely checks whether the content of the Company's "Sustainable Development Best Practice Principles" has kept up with the times, and when necessary urges relevant units to make revisions. The Board of Directors plays the role of leader and supervisor on the Company's corporate sustainability topics.	No major discrepancy
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations and formulate corresponding risk	✓		The Company has established a risk management committee, and adopted "Policies and Procedures for Risk Management", which have been approved by the Board of Directors. The Board of Directors serves as the highest decision-making unit with regard to risk management	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>management policies or strategies based on the materiality principle? (note 1)</td><td></td><td></td><td>mechanisms, and the position of risk management officer has been established to consolidate risk management duties; under the risk management officer, legal compliance, customer service, and environment community units perform risk control-related matters. The Risk Management Committee regularly reports its state of operations to the Audit Committee and Board of Directors on an annual basis, which confirms the effective management of risk-related issues. Under the Board of Directors, the Audit Office has also incorporated the risk management system and regulations within internal audit operating procedures, which ensures the effective continuing implementation of this system.
The Company's identification of material topics is based on the assessment of the two aspects of "impact on corporate operations" and "degree of stakeholder concern". Proposals are finalized after discussion by the Sustainability Committee and its working groups, and the Risk Management Committee conducts risk assessment on environmental, social, and corporate governance issues related to the Company’s operations based on the materiality principle and in reference to the material topics for the year identified by the Sustainability Committee. This risk assessment, which takes the Company and all subsidiaries as the boundary of assessment, serves as a reference for risk management and operating strategies.
Risk management processes determined by the Company include risk identification, risk assessment, risk monitoring, risk reporting, and risk response. After conducting a risk assessment, the management policies and strategies for each item are as follows:
<table>
<tr><th>Material issues</th><th>Risk assessment items</th><th>Explanation</th></tr>
<tr><td>Environment</td><td>Climate change Relevant risks</td><td>An assessment has been performed of the current and potential future risks and opportunities of climate change to the Company and subsidiaries, and the risk of transformation to a low-carbon economy and physical risk connected with the impact of climate change have been identified. Response measures and the corresponding strategies have been proposed including the adoption of an energy conservation/carbon emissions reduction working plan and implementation regulations, and energy</td></tr>
</table></td><td></td></tr>
</table>

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
					conservation/waste reduction management policy, etc., and these measures are being implemented. The corporate headquarters building is being built as a green building, and landscaping is being improved to provide a temperature-regulating effect. The Company has increased green purchasing, and requires domestic suppliers to sign environmental protection statements. The Company has developed low-carbon products and services, and established a paperless operating system to promote the concept of sustainability at the customer end. Although the Company is not a manufacturer, it is actively striving to implement environmental protection and hopes to reduce the risks brought by climate change.	
				Society	Product safety	The foreign suppliers cooperating with the Company and its subsidiaries are uniformly well-known large international medical instrument and equipment manufacturers. Apart from upholding brand and manufacturer laws, regulations, and requirements of their place of business, foreign suppliers' products must have received ISO 13485 medical equipment quality management system certification. To ensure that there is no prohibition of sale or product disputes, inspection registration is performed in accordance with Ministry of Health and Welfare laws and regulations when medical equipment is sold on the domestic market. To safeguard the safety and physical health of personnel, customer education and training services are provided after product delivery. Products are also equipped with relevant adjustment and

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
					safety interlocking and emergency stop devices. The Company relies on safeguards at different levels to ensure product safety.	
				Occupational safety and health	Apart from maintaining the health and safety of the employees of the Company and its subsidiaries in accordance with relevant government health and safety laws and regulations, the Company has also drafted an occupational health and safety management handbook based on the ISO 45001 occupational health and safety management system standards. This handbook has been formally implemented for the purpose of achieving the goal of zero occupational accidents, strengthening autonomous management, continuing improvement of occupational health and safety performance, reducing occupational accidents, and protecting employees' safety and health. In addition, the Company also regularly holds occupational health and safety education and training in order to strengthen awareness and realize concern for employees. The Company ensures that its personnel are aware of and attach importance to workplace health and safety issues, with the goal of instituting effective occupational health and safety management.	
			Corporate Governance	Legal and regulatory compliance	The Company complies with the laws and regulations governing listed companies established by the government and competent authority. All high-end medical instruments and equipment distributed by the Company comply with relevant laws and regulations governing product import/export and laws and regulations of the Ministry of Health and Welfare.	

Evaluation Status	State of implementation (note 1)					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation			
					Foreign and domestic subsidiaries must also faithfully comply with the laws and regulations of their place of operation. The Company conducts legal compliance awareness sessions for personnel in various departments when needed and conducts education and training sessions, and provides information concerning external continuing education so as to enable employees to gain the newest legal and regulatory information; establishment of an internal system of rules and regulations, and requiring personnel to strictly comply with legal requirements. Relevant strategies have uniformly enabled the goal of compliance with relevant laws and regulations to be attained, which has effectively reduced operating risk.	
				Stakeholder engagement	After understanding the various types of parties contacted within the scope of different departments' operations, the Sustainability Committee has performed a discussion and identified four types of stakeholders of the Company and its subsidiaries including customers, suppliers, investors, and employees. In order to maintain positive interaction with stakeholders, the Company has set up the section of "Stakeholders" on its official website to list the corresponding contact person for different stakeholders and has voluntarily compiled and publicly issued sustainability reports (formerly referred to as CSR reports) during several consecutive years, as well as establishing a greater variety of channels for contact with stakeholders; in addition, the Company's Sustainability Committee reports the status of communication with various	

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			stakeholders to the Board of Directors, and hopes that this will achieve even greater respect and protection for stakeholders' rights and interests.	
III. Environmental Problems (I) Does company set up environmental control mechanism based on its industrial characteristics?	✓		The company is located in the urban area of Taipei, where the waste disposal is handled in accordance with Regulations Governing Disposal and Recycling of General Waste. The Company has no factory, thus causing no violation of environmental protection regulations. In promoting environmental safety and health, promulgation of relevant regulations and concepts are given from time to time to enhance employees' awareness and reduce workplace risks.	No major discrepancy
(II) Does the Company endeavor to increase energy efficiency and use recycled materials with low environmental load?	✓		In order to increase the effectiveness of resource use, the Company has drafted an energy conservation/ carbon emissions reduction working plan for office areas, has implemented trash classification, and has established recycling stations; recycled materials with low environmental load chiefly consist of office paper and toilet tissue. The Company continues to procure the recyclable paper bearing the FSC international Green Mark or Ministry of the Interior's Green Mark. Furthermore, in order to reduce paper consumption, the Company communicates to all workers that the paper may be used for double-sided and reverse page copying and printing.	No major discrepancy
(III) Does the Company evaluate the potential risks and opportunities of climate change for the Company at present and in the future, and take measures to address climate-related issues?	✓		A detailed explanation of the Company's analysis of climate change risks and opportunities has been disclosed in the environmental sustainability chapter of the Company's sustainability report.	No major discrepancy
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		The Company's power needs are chiefly filled through externally-purchased power, and emissions attributable to externally-purchased power accounted for over 99% of overall carbon emissions during the most recent two years; the remaining emissions are attributable to fixed emission sources (diesel emergency generators), mobile emission sources (gasoline vehicles), and fugitive emission sources (refrigerant, septic tanks, fire extinguishers); since the company has no production processes, there are no process emission sources. Greenhouse gas emissions during the most recent two years Units: Tons Year | Greenhouse gas emissions (CO_2) 2020 | 312.64 2021 | 335.26	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>The Company's water conservation plan calls for the full-scale implementation of housekeeping water conservation, and seeks to derive the greatest possible benefit from water resources. The Company used 3,628 units of water in 2021, which was obtained from tap water and rainwater recovery ponds; the Company will continue to draft water recycling plants and devise an evolutionary approach to boost overall water use efficiency.
Water consumption during the most recent two years
Units: Tons
Year | Water usage
2020 | 3,894
2021 | 3,628

The Company is not a manufacturer, and its working environment consists of ordinary offices; waste chiefly consists of waste produced by personnel during their every day work, and is handled in accordance with local government regulations.
Total weight of waste produced during the most recent two years
Units: Kg
Year | Total weight of waste
2020 | 5,549
2021 | 5,956
For detailed description, please refer to the environment sustainability chapter of the sustainability report.</td><td></td></tr>
<tr><td>IV. Social Problems
(I) Does the Company establish social welfare policies and procedures according to relevant statutory regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>In order to fulfill CSR and protect the basic human rights of all colleagues, clients and stakeholders, we strictly comply with the principles disclosed in the International Bill of Human Rights and respect internationally recognized basic human rights of labors, such as prohibiting child labor, eliminating employment and occupational discrimination. We establish relevant administration policies and procedures, and abide by the labor-related laws and regulations of the local competent authorities to protect the legitimate rights and interests of employees.
The company's human rights policy has been disclosed on the company's website as follows:
The company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work, and complies with local laws and regulations and endeavors to reduce human rights risks or alleviate the impact of human rights incidents through remedial measures.</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			Principles of administration 1. Prohibition of any forms of discrimination. 2. Prohibition of forced labor and child labor. 3. Providing fair and reasonable salaries and working conditions. 4. Establishing a safe, hygienic, and healthy working environment. 5. Regularly reviewing and evaluating relevant systems.	
(II)Does the Company formulate and implement reasonable employee welfare measures(including compensation, vacation and other benefits), and appropriately reflect the operating performance or results in employee compensation?	✓		The CHC Healthcare Group is committed to creating a worry-free work environment for employees, strives to improve various systems, and provides good and comprehensive welfare measures, so that every employee and their families can enjoy a comfortable and pleasant life, and appreciate the care and consideration of the Company. 1. Salary system: The Company attracts outstanding talent and motivates employees based on a fair and competitive market-based compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results on the basis of the performance evaluation regulations drafted by the Group; thanks to its open and transparent promotion mechanism, the Company promotes outstanding human resources, and provides greater responsibilities and corresponding better compensation and bonuses to drive the development of the organization. The Company further provides equal rewards for the same work and equal promotion opportunities to men and women, and seeks to promote sustainable and inclusive economic growth. In 2021, female managers accounted for 6.1% of managerial positions, and the average proportion of female employees was 41.5%. In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance / year-end bonuses released to individual employees in 2021 were equivalent to 3 months of salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company. (1) Year-end bonuses: According to the Employee Performance Evaluation Guidelines, the Group releases yearly bonuses based on the overall profitability at the end of the year. (2) Distribution of employee compensation during year According to the Employee Compensation Distribution Guidelines, the annual surplus recognized by the Shareholders' Meeting is distributed to the employees of the Group. (3) Allotment of shares to employees: Depending on the overall operational needs of the Group, shareholding, seasoned equity offering, and stock options may be given according to relevant	No major discrepancy

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>guidelines, formulated for employees to follow.
Salary adjustment:
<table><tr><th>Adjustment of average salary in 2020</th><th>Adjustment of average salary in 2021</th><th>Adjustment of average salary in 2022</th></tr><tr><td>2.5%</td><td>2.0%</td><td>2.6%</td></tr></table>
2. A comprehensive, considerate benefit system:
(1) Insurance plan: In accordance with the relevant law, the Group provides labor insurance and health insurance to each employee, so that they can be fully protected. In addition, the Group also plans a group insurance for employees starting from the date they report to duty, including life insurance, accident insurance, medical insurance and cancer insurance. If the employee is on a sabbatical leave due to a military service, major injury, or childbirth, he or she may continue to participate in the Group's group insurance, so that the protection can be continued.
(2) Holiday bonuses: The Group distributed gifts to the three major Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, wishing colleagues a happy holiday.
(3) Retirement system: According to the "Labor Standards Act," a sound pension system and retirement-related measures are enacted. According to the "Labor Pensions Act," an amount equivalent to 6% of the monthly salary is paid to the personal account with the Bureau of Labor Insurance, Ministry of Labor, and together with the Group's sound financial structure to provide solid pensions appropriation and payment.
(4) Health management: In addition to the fully subsidized health checkup for the new recruits, the Group regularly applies to the Bureau of Labor Insurance for occupational hazard inspections every year, covering general health checkups, special health checkups, etc., and handles annual health checkups for all employees once in every two years.
(5) Staff dormitory: Considering the needs of short-term travel of employees and the safety and convenience of long-distance commuting employees, the Group has staff dormitory available to provide a comfortable living environment for employees who are traveling or in training.
(6) Employee Welfare Committee: The "CHC Healthcare Group Employee Welfare Committee" is established in accordance with the law to actively promote various employee welfare measures. Expenditures related to various employee benefits</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="2">State of implementation (note 1)</th><th rowspan="2">Abstract Explanation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th></tr>
<tr><td></td><td></td><td></td><td>in 2020 and 2021 are as follows:
Units: NT$
<table><tr><th>Year</th><th>Funeral subsidies</th><th>Medical subsidies</th><th>Marriage subsidies</th><th>Travel subsidies</th></tr><tr><td>2021</td><td>0</td><td>0</td><td>24,000</td><td>0</td></tr><tr><td>2020</td><td>7,000</td><td>1,200</td><td>48,000</td><td>0</td></tr><tr><th>Year</th><th>Birthday gifts</th><th>Maternity benefits</th><th>Advanced study subsidies</th><th>Three festivals gift money</th></tr><tr><td>2021</td><td>78,000</td><td>8,000</td><td>32,386</td><td>644,500</td></tr><tr><td>2020</td><td>80,500</td><td>48,000</td><td>20,000</td><td>915,700</td></tr></table>3. Retirement system and state of implementation
(1) With regard to work seniority before and after being subject to the Labor Standards Act, pensions shall be calculated according to the pension standards specified in Article 84-2 and Article 55 of the Labor Standards Act.
(2) When choosing to be subject to the pension plan as stipulated in the Labor Standards Act in accordance with the Labor Pension Act or reserving work seniority accumulated before applicability of the Labor Pension Act, pensions shall be paid according to the provisions of the preceding subparagraph.
(3) For employees who are subject to the pension plan stipulated in the "Labor Standards Act" and who are forced to retire in accordance with Subparagraph 2, Paragraph 1 of Article 35, if their mental disability or physical disability is caused by the execution of their duties, they are entitled to additional 20% of the pension according to the provisions of the preceding paragraph.
(4) For employees who are subject to the Labor Pension Act, the Company will deposit an amount equivalent to 6% of the employees' monthly salary into their personal pension accounts.</td><td></td></tr>
<tr><td>(III) Does the Company provide employees with safe and healthy work environment and give regular safety and health training?</td><td>✓</td><td></td><td>In addition to compliance with the government safety and health related laws and regulations, and in consideration for employees' safety and welfare, the Company has established an occupational safety and health management manual and related procedures in accordance with the OHSAS 18001 Occupational Safety and Health Management System for which the Company passed the certification in October 2018 and OHSAS 18001 Occupational Safety and Health Management System, changed to ISO45001: 2018 later, for which the Company passed the certification in January 2021. Aiming at zero occupational accidents and strengthened self-management, we are continuously improving occupational safety and health performance, reducing occupational accidents, protecting labor safety and health, and complying with the requirements of the competent</td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			authority and stakeholders including customers and employees. All employees must abide by the procedures and rules specified in the manual, and maintain the effective functioning of the occupational safety and health management system. Safety: The Company upholds labor laws and regulations, Occupational Safety and Health Act, and ISO 45001; four labor safety and health education workshops and one accident prevention training session held in 2021, which ensured that employees are aware of and comply with relevant regulations, and helped thoroughly implement occupational health & safety management. There were 6 cases of workplace injury 2021 (which included traffic accidents when going to and from work). Looking ahead to the future, we will continue to care for our employees and strengthen safety awareness. Due to the continued existence of the COVID-19 in 2021, the Company took preventive measures in accordance with disease prevention standard operating procedures and items. Please refer to the Employee Concern chapter of the Sustainability Report for a detailed explanation. Health: We offer corporate health insurance and new employee health checkups, and based on ISO 45001 health checkup procedures, give health check-ups for all employees every two years to look after the employees' health. In addition, according to the Labor Health Protection Act, operations exposed to ionizing radiation are particularly looked into, where the high-risk employees are medical technicians, and their belonging departments send their names each year to HR which will then file applications to the Bureau of Labor Insurance for special hazard health checks and regular follow-ups to protect these employees. The Company's headquarters in Neihu District, Taipei contains an exercise area for use by employees, and a trainer from outside the company has been hired to teach fitness classes. We believe that exercise enables participants to immerse fully themselves at the physical, mental, and interpersonal levels, improve their mood, and give them the courage and determination to overcome challenges and difficulties. Exercising regularly will not only benefit employees' physical and mental health but also boost the positive attitude throughout the Company. In addition to the above measures, in order to prevent sexual harassment, the Sexual Harassment Prevention and Appeal Guideline is established with a dedicated complaint filing mechanism, to ensure any sexual harassment, gender discrimination or violence, threats and intimidation	

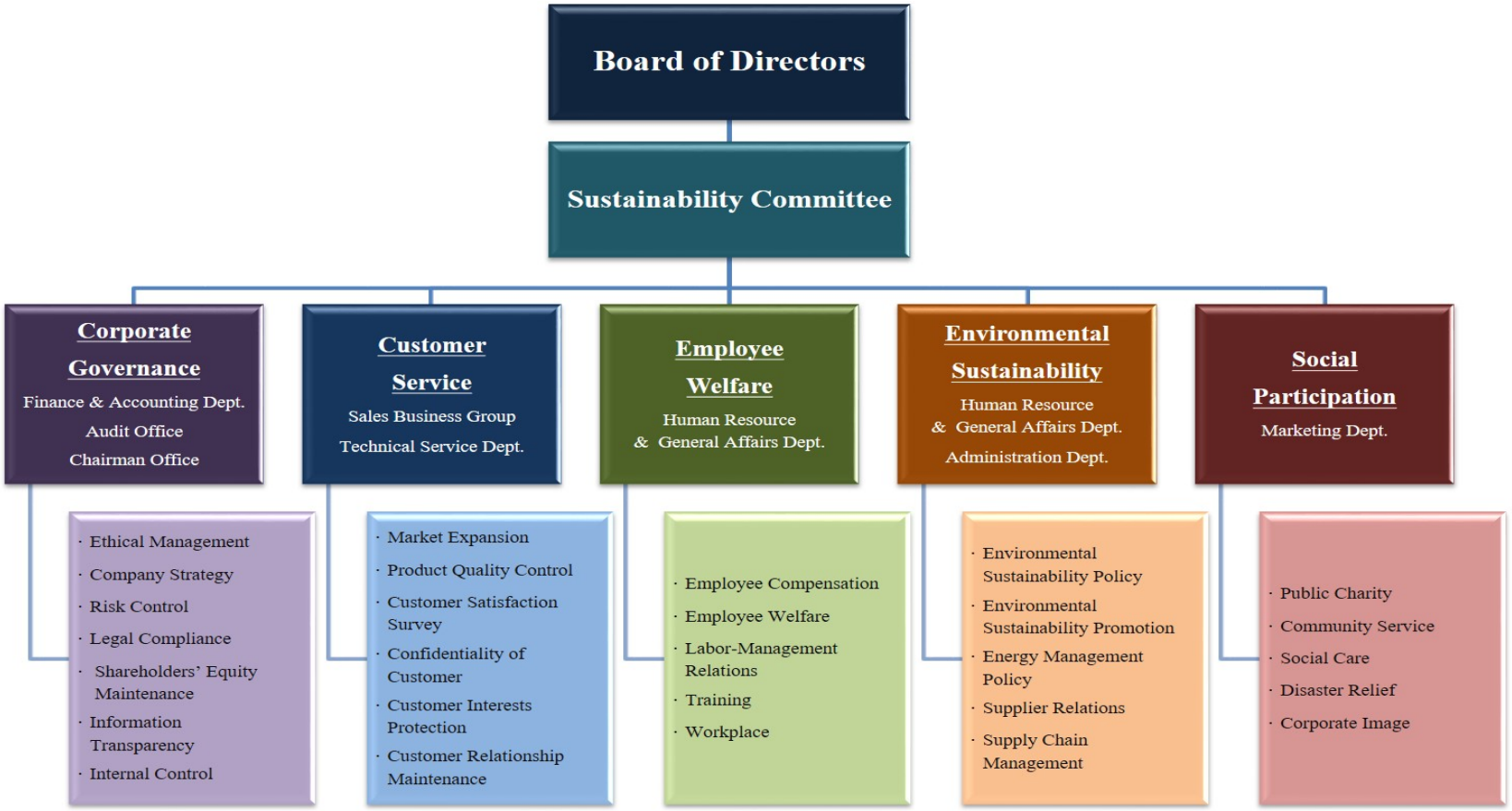
<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>are strictly prohibited, for a gender equality workplace. We make every effort to create a happy, secure and rest assured working environment. No discrimination cases occurred in 2021.</td><td></td></tr>
<tr><td>(IV) Does the Company offers effective training programs for employees' career development?</td><td>✓</td><td></td><td>The Company's current training programs consist of four types:
1. Pre-employment training: All new employees are counseled and oriented to understand the Company's organization, business overview, labor safety and health, and standard procedures.
2. Internal training: Employees are given internal training to enhance their basic job competence and professional capability.
3. External training: Depending on the employees' job needs and positions, the external training is given to enhance their professional skills and leadership capability.
4. Overseas advanced study: To meet the future corporate development or job requirement, employees are recommended by their supervisors for going abroad to receive professional training.</td><td>No major discrepancy</td></tr>
<tr><td>(V) Does the Company comply with relevant laws and regulations and international criteria regarding customer health and safety, customer privacy, and the marketing and labeling of products and services, and formulate consumer protection or customer rights policies and complaint procedures?</td><td>✓</td><td></td><td>The equipment distributed by the Company absolutely complies with related laws and international standards, and must be verified and registered according to the relevant regulations of the Ministry of Health and Welfare before being sold in the local market. The equipment has correct labeling or package insert, and instructions for use. In response to the enforcement of Medical Devices Act on May 1, 2021, the Group will continue to comply with it to protect the safety, performance and quality of the medical equipment used by customers. Regarding consumer protection policies and complaint filing procedures, the Company has established standard operating procedures for handling quality complaints, serious adverse events, and product recycling notifications in accordance with ISO9001 and relevant regulations of the Ministry of Health and Welfare.</td><td>No major discrepancy</td></tr>
<tr><td>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights? and how is it implemented?</td><td>✓</td><td></td><td>The Company has a "Corporate Social Responsibility Statement", which lists environmental protection, safety, health, human rights, ethics, and government requirements relating to social responsibility, requires that suppliers sign this statement and comply with relevant norms, and jointly fulfill their corporate social responsibilities. The current statement is being recycled. The contents of the “Corporate Social Responsibility Statement" are as follows:
<table><tr><td>Comply with relevant regulations on waste water, waste gas, solid waste, hazardous waste and noise control</td><td>Take systematic measures to reduce the consumption of energy resources and reduce emissions</td><td>Ensure that products and services do not use illegal and environmentally hazardous substances prohibited by customers</td></tr></table></td><td>No major discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">State of implementation (note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>Ensure that employees can have a safe and healthy working environment through effective management</td><td>Provide an equal and fair working environment and prohibit any form of discrimination</td><td>Respect the basic human rights of employees and prohibit any and all forms of insulting behavior</td></tr>
<tr><td>Provide employees with a safe, clean diet and potable water</td><td>Provide adequate and qualified sanitary and environmental facilities, such as public facilities, etc.</td><td>Respect the freedom of employees and prohibit any and all forms of forced labor</td></tr>
<tr><td>Promote labor-management cooperation and respect the opinions of employees</td><td>Comply with general corporate ethics</td><td>No child labor</td></tr>
<tr><td>Minor and female employees labor protection</td><td>Respect employees' right to free association and collective bargaining</td><td>Appropriate salary and benefits</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company refer to internationally accepted report preparation standards or guidelines to prepare sustainability reports and other reports that disclose the Company's non-financial information? Has the company received assurance or certification of the aforementioned reports from a third-party accreditation institution?</td><td>✓</td><td></td><td>The Company's Sustainability Report (formally referred to as CSR Report) is chiefly based on the GRI Standards issued by GSSB, complies with "core" options, and has been prepared in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" (formerly referred to as "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies"). The Sustainability Report discloses non-financial information of the Company and its subsidiaries. When the 2021 Sustainability Report is issued in 2022, the Company plans to adopt industry guidelines in SASB Standards for the first time, and compile the report on the basis of the TCFD framework and the United Nations Global Compact. However, the Company is currently an enterprise that is not compulsory in preparing the report, so it has not sought the confidence or assurance opinions of third-party verification units.</td><td>No major discrepancy</td></tr>
<tr><td colspan="5">VI. If the Company has drafted its own sustainable development rules based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation:
The Company adopted “Corporate Social Responsibility Principles” in 2015, and has made revisions to reflect changes in relevant laws and regulations when needed during the implementation period. In response to the competent authority's renaming the "Corporate Social Responsibility Best-Practice Principles for</td></tr>
</table>

Evaluation Status	State of implementation (note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
TWSE/TPEx Listed Companies" as the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" in keeping with international development trends in 2021, the Company likewise renamed its “Corporate Social Responsibility Principles” as the "Sustainable Development Best Practice Principles" in March 2022, and also revised certain articles to reflect the content of the new version of the Principles issued by the competent authority. The "Sustainable Development Best Practice Principles” has been implemented after being resolved by the Board of Directors. There are no material discrepancies between the functioning of the Company's "Sustainable Development Best Practice Principles" and the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". Please refer to the Company’s website and Market Observation Post System for relevant content.				
VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: (I) Environmental Protection: The Company uses the best effort to promote the energy conservation and carbon reduction policy and related environmental policies at the office premises, and values suppliers' ESG performance. In response to the introduction of ISO 9001 Quality Management System, mechanisms are established to evaluate and audit new and existing domestic and foreign qualified suppliers in terms of their quality, occupational safety and health, based on the supplier management procedures, for joint commitment to the environmental sustainability. (II) Social contributions: The Company hopes that the introduction of high-end medical equipment and technical services can allow the public to enjoy more precise treatment, more sufficient medical resources, and even higher quality medical services, thereby promoting citizens' overall health and well-being and making a contribution to society. (III) Social welfare: In the spirit of contributing to society, we actively participate in social welfare activities, provide assistance to underprivileged groups such as persons living in remote areas, assist in offering charity medical services and advocating for healthy living, providing necessary resources to underprivileged groups that need assistance, and encouraging employees to participate in volunteer service; in the event of natural disasters and major accidents, we have not stinted in providing emergency assistance, and vigorously participate in disaster relief or concern activities initiated by various parties. (IV) Customer service: The Company distributes high-end medical equipment and cultivates a manufacturer-certified technical service team to assist customers in equipment installation, and take charge of the training programs and after-sale maintenance with comprehensive services. Customer complaints are handled and responded to by the sales unit and technical unit immediately, and the customer service toll-free telephone number is set up to ensure the customers' rights. (V) Human rights policy: The Company strictly complies with laws and regulations, supports and voluntarily complies with human rights standards in international conventions, and is committed to a friendly, diverse, discrimination-free workplace, where all employees enjoy equal treatment and equal rights to work regardless of gender, age, nationality, race, color and political views. We also provide opportunities for individuals to freely express ideas and seek development. We are committed to a workplace that values human rights and is free from discrimination and harassment. (VI) Occupational safety and health: The Company protects employees' safety and well-being according to the government's safety and health regulations. The transformation of OHSAS 18001 Occupational Health and Safety Management System to ISO 45001 was activated in 2020 and was done in January 2021, in order to continuously improve occupational safety and health, reduce occupational disasters, and protect employees' safety and health.				

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

Organization of Sustainability Committee



(VI) Business integrity and relevant measures

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

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
			system.	
II. Implementation of integrity (I) Does the Company evaluate the integrity records of counterparties and specify the terms of good faith in its contracts with the counterparties?		✓	The Company evaluates and audits the quality/environmental safety systems of counterparties, and deals only with qualified ones, while the unqualified ones will, with approvals from supervisors, be excluded from dealing with us, and the proVisions of integrity will be expressly stipulated in the future procurement contracts.	No major discrepancy
(II)Does the Company set up a special unit under the Board to implement the corporate integrity and regularly (at least once a year) report the supervision and implementation of the integrity policies and plans for dishonesty prevention?	✓		The HR & General Affairs Department is assigned the responsibilities for amendment, execution, interpretation, consulting and archiving the matters related to “Integrity Procedures and Guidelines”, as well as supervising the implementation and annually reporting to the Board. The procedures and guidelines have been disclosed on the Company's website and propagated through the monthly general meeting of employees for full-range implementation. In the year of 2021, there were a total of 12 employees' general meetings, and no major violation of integrity was reported.	No major discrepancy
(III) Does the Company have a policy to prevent conflicts of interest with a proper complaint filing mechanism for implementation?	✓		The Company has established a policy to prevent conflicts of interest in the "Integrity Procedures and Guidelines" along with the "Internal Major Information Processing and Prevention of Internal Transactions" to provide directors and managers through appropriate channels to explain whether they have potential conflicts of interest. The above procedures, guidelines and measures have been disclosed on the Company's website, and propagated through executive meetings; there were a total of 24 such executive meetings given in the year of 2021.	No major discrepancy
(IV) Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, and based on the results of the assessment of the risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, or entrust a CPA to perform the examination?	✓		To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system, and based on the degree of the assessed risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, and the CPA will conduct internal control review every year.	No major discrepancy
(V) Does the company regularly give internal and external training of integrity management?	✓		The Company communicates to employees our ethical management philosophy and regulations at the management meeting, in order to enable them to better understand the same.	No major discrepancy

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
III. Grievance mechanism (I) Does the company have a specific mechanism to reward reporting of compliance violations, with a convenient reporting channel and appropriate personnel to respond?	✓		To protect the corporate reputation, safeguard the property, avoid and prevent corruption, theft, encroachment or other illegal and disorderly deeds, that may damage the rights and interests of shareholders, employees, counterparties and partners, a reporting mechanism has been established. Scope: The operating units, personnel as well as external affiliates and individuals of the Company and its subsidiaries. Responsible unit: The Company's Audit Office is responsible for accepting relevant reports; when a reported violation involves directors or upper management, it must be submitted to the independent directors.	No major discrepancy
(II) Does the Company set up standard operating procedures and, upon investigation, take relevant follow-up measures and related confidentiality mechanism?	✓		The Company has established a standard operating procedure to receive and investigate violation reports, including the types of reports, the procedures for reporting, etc. In addition, a confidentiality mechanism is also set to strictly protect the identities of informers as well as the reported contents and evidence in the proceeding of investigation,	No major discrepancy
(III) Does the Company take measures to protect the informers from illegitimate treatment due to the incident of reporting?	✓		The Company has established relevant provisions in the reporting mechanism to protect informers, such as non-disclosure of informer’s identity, and no consequent discrimination of job interests or work conditions, in order to protect the informers from illegitimate treatment.	No major discrepancy
IV. Enhancement of information disclosure Does the Company disclose its code of integrity and implementation efficacy on its official website and MOPS?	✓		The Company has published its “Integrity Procedures and Guidelines” on its official website and MOPS. In addition, the official website has a CSR dedicated section to disclose the corporate CSR governance, while the corporate governance subsection further discloses the code of good practice and its implementation efficacy.	No major discrepancy
V. If the Company has its own code of conduct in accordance with the Code of Business Conduct and Ethics, please describe the difference between the two: The Company has established the "Integrity Procedures and Guidelines" and the “Code of Ethics and Conduct", and the operations of which are conformable to the standard Code. The corporate codes are based on the business philosophy of integrity, fairness, transparency and self-discipline, upon which good corporate governance and risk control mechanism are built for sustainable development.				
VI. Other important information that helps understanding of the Company's integrity management (such as reviews and amendments of the code of conduct, etc.): Internal audits are conducted on a regular basis for daily operational processes to reduce corruption and bribery through effective internal control mechanisms such as self-assessments.				

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

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

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

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

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

1. Internal Control Statement: see Page 63.
2. If the Company entrusts CPAs to conduct internal control system, the CPA auditing reports should be disclosed: N/A.

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

CHC Healthcare Group

Internal Control Statement

Date: March 23, 2022

The implementation of the Company's internal control system in 2021, based on the self-evaluation results, is hereby declared as follows:

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

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

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

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

V. Based on the results of the above evaluation, the Company believes that the December 31, 2021 report of the Company's internal control system (covering subsidiaries) including the understanding of the operational effectiveness and level of efficiency, is reliable, timely and transparent, and the system is designed and implemented in compliance with relevant laws and regulations, reasonably ensuring the achievement of the above objectives.

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

VII. This statement was approved in the Board meeting on March 23, 2022, and all the seven attending directors held no objections, and agree with the content of the statement. The resolution is herewith combined with this statement.

CHC Healthcare Group

Chairman: Pei-Lin Lee

General Manager: Pei-Lin Lee

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

Type of meeting	Date	Major resolutions
Board meeting	March 19, 2021	1.The Company’s 2020 parent company only financial report and consolidated financial reports. 2.Distribution of the Company’s earnings 2020. 3.The Company’s 2020 business report. 4.The Company’s 2020 Internal Control Statement. 5.The Company’s 2021 business plan and annual budget. 6.Distribution of the Company’s stock dividend and bonus in cash 2020. 7.Distribution of remuneration to employees and directors 2020. 8.Proposal of the amendment to the Company’s “Procedures Governing the Acquisition or Disposal of Assets”. 9.Private placement of ordinary shares. 10.The 2021 Annual General Meeting and processing of masters concerning the premises of shareholders with more than 1% of the holding during the proposal period, and exercise of electronic voting. 11.Proposal of loans to affiliates. 12.Proposal of endorsements for affiliates. 13.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2021. 14.Proposal of the amendment to certain provisions of the “Computerized Information System Cycle” in the Company’s Internal Control System. 15.Proposal of the amendment to the Company’s “Managers’ Performance Evaluation and Remuneration Standard.” 16.Distribution of year-end bonuses to managers 2020. 17.Review and adjustment on remuneration to the Company’s Vice Chairman. 18.Proposal of application for bank credit limits. 19.Proposal of additional budget for sterilization facility construction project of the subsidiary Shin-Ho Instruments Co., Ltd. 20.Proposal of appointment of the COO. 21.Proposal of appointment of the CFO. 22.Proposal of the Chief Investment Officer and Chief Human Resource Officer served by the Chairman concurrently.
Board meeting	May 5, 2021	1.Proposal of loans to affiliates. 2.Proposal of endorsements for affiliates. 3.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2021. 4.Proposal of relocation of the Company’s business address.
Board of Directors	June 7, 2021	1.Re-selection of the date of the Company's 2021 annual shareholders' meeting date and addition of an alternative site.
Shareholders' Meeting	July 1, 2021	1.Acknowledgement of the 2020 business report and financial statements. 2.pAcknowledgement of the 2020 earnings distribution proposal. 3.Approval of the revised "Procedures for Acquisition and Disposal of Assets." 4.Approval of the proposed private placement of ordinary shares.
Board of Directors	Auguest 3, 2021	1.The Company's proposed loans to affiliates. 2.The Company's proposal of endorsements and guarantees for affiliates. 3.Proposal of the capital increase base date for exercise of employee stock options and the 4th secured domestic convertible corporate bonds in Q3 of 2021. 4.Proposal for application for bank credit lines. 5.Proposed capital reduction due to retirement of treasury stock and

Type of meeting	Date	Major resolutions
		determination of capital reduction base date. 6.Proposed merger of two of the Group's subsidiaries.
Board of Directors	October 6, 2021	1 The Company's proposed planning of extended medical business investment. 2.The Company's drafting of issuance matters in connection with private placement of ordinary shares.
Board of Directors	November 2, 2021	1.The Company’s 2022 Internal Audit Plan. 2.The Company's auditing CPA independence assessment for 2021. 3.The Company's proposed loans to affiliates. 4.The Company's proposal of endorsements and guarantees for affiliates. 5.Proposal of the capital increase base date for exercise of employee stock options and the 4th domestic secured convertible corporate bonds in Q4 of 2021. 6.Proposed provision of remuneration to directors and employees for 2021. 7.Revision of the Company's "Regulations Governing Board of Directors Performance Assessment.” 8.Proposal for application for bank credit lines. 9.Plan for succession of the Board of Directors and important management-level personnel. 10.Proposed revision of certain articles of the internal control system's "Purchasing and Payment Cycle," "Payroll and Personnel Cycle," and "Real Estate, Plant, and Equipment Cycle."
Board of Directors	March 23, 2022	1. The Company's 2021 parent company only financial report and consolidated financial reports. 2.The Company's 2021 earnings distribution proposal. 3.The Company's 2021 business report. 4.The Company's 2021 internal control system statement. 5.The Company's 2022 business plan and annual budget. 6.Proposed distribution of the Company's dividends and stock dividends in cash for 2021. 7.The Company's distribution of remuneration to employees and directors in 2021. 8.Proposed revision of the Company's Articles of Incorporation. 9.Proposed revision of the Company's "Procedures for Acquisition and Disposal of Assets." 10.The Company's proposed private placement of ordinary shares. 11.The Company's 2021 directors remuneration report. 12.The Company's holding of the 2022 annual shareholders' meeting and acceptance of the time and location proposed by shareholders holding more than 1% of all shares, and allowing shareholders to exercise their voting rights electronically. 13.The Company's proposed loans to affiliates. 14.The Company's proposal of endorsements and guarantees for affiliates. 15.Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2022. 16.Distribution of year-end bonuses to managers for 2021. 17.Proposal for application for bank credit lines. 18.Proposal to rename the Corporate Social Responsibility Committee the "Corporate Sustainability Committee." 19.Proposed revision of the Company's "Rules of Corporate Social Responsibility Practice." 20.Proposed revision of the Company's "Corporate Governance Best Practice Principles."

Type of meeting	Date	Major resolutions
		21.Proposed partial revision of the content of "General Principles of Internal Audits" concerning the Company's internal control system. 22.Review and adjustment of remuneration to the Company's Vice Chairman.
Board of Directors	May 4, 2022	1.The Company's 2022 Q1 consolidated financial statement. 2.The Company's proposed loans to affiliates. 3.The Company's proposal of endorsements and guarantees for affiliates. 4. roposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2022.

(XII) Implementation of the 2021 Shareholders' Meeting resolutions

Resolution	Implementation
1. Acknowledgement of the 2020 business report and financial statements.	After the resolution of the annual general meeting, the business report and financial statements were published on MOPS.
2. Acknowledgement of the 2020 earnings distribution proposal.	Following a resolution of the annual shareholders' meeting, allotment of shareholder dividends totaling NT$ 313,648,149 was completed on August 19, 2021.
3. Approval of the revised "Procedures for Acquisition and Disposal of Assets."	Following a resolution of the annual shareholders' meeting, the "Procedures for Acquisition and Disposal of Assets" were implemented as revised.
4. Approval of the proposed private placement of ordinary shares.	Unanimous concurrence by all the attending shareholders.

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

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

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

V. Information concerning fees paid to CPA

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

Unit: NT$ thousands

Accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Note
PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen Pei-Lin Tu	2021	2,695	150	2,845	Tax certification
PricewaterhouseCoopers (PwC) Taiwan	Chu-feng Lin	—	0	240	240	Application for corporate operating headquarters
PricewaterhouseCoopers (PwC) Taiwan	Li-ly Wong	—	0	800	800	Enterprise value assessment
PricewaterhouseCoopers Legal (PwC Legal) Taiwan	Yuan-yao Chung, attorney	—	0	600	600	Legal consulting concerning corporate M&As

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

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

change should be disclosed

N/A

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

2021 audit fees were NT$455,000 less than in 2020, which represented a reduction of 14.44%. This was chiefly attributable to the fact that the disclosed audit fees for the previous year included tax certification fees of NT$150,000 and the fact that the reduction in number of overseas operating subsidiaries led to a decrease in 2021 audit fees.

VI. Replacement of CPA

(I) Regarding the former CPA

Date of replacement	March 23, 2020			
Replacement reasons and explanations	The accounting firm's internal job rotation			
Whether the appointor terminates or CPA refuses to accept the appointment	Principal / Situation		CPA	Appointer
	Termination		N/A	N/A
	Refusal of (subsequent)appointment		N/A	N/A
Audit report opinions other than unqualified ones issued in the most recent two years and the reason	N/A			
Any different opinions with the issuer	Yes		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or steps	
			Others	
	No	✓		
	Explanation			
Other disclosure (Item 1.4 thru 1.7 of Paragraph 6 of Article 10 of the Guidelines should be disclosed)	N/A			

(II) Regarding the successor CPA

Accounting firm	PricewaterhouseCoopers (PwC) Taiwan
Name of CPA	Yu-Fang Yen, Pei-Lin Tu
Date of appointment	March 23, 2020
Accounting methods or accounting principles for specific transactions and consulted matters that may be issued for financial reporting prior to appointment, and the result.	No discrepancy
Different written opinions between the former and successor CPAs	N/A

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

N/A

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

N/A

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

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

Unit: share

Title	Name	2021		As of April 17, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of juristic-person director, Princeton Healthcare Limited: Pei-Lin Lee	0	0	0	0
Vice Chairman, Vice President, Overseas Business Dept. (Note 1)	Tien-Ying Lee	0	0	0	0
Director	Chun-Shung Huang	0	0	0	0
Director	Yen-Hsin Investment Ltd.	0	0	0	0
Director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0
Independent director	Gui-Duan Chen	0	0	0	0
Independent director	Chang-Jian Ho	0	0	0	0
Independent director	Geng-Wang Laiw	0	0	0	0
General Manager, chief investment officer, chief HR officer, and major shareholder	Pei-Lin Lee	603,000	0	0	0
CEO, Oncology Business Group	Yee-Min Jen	0	0	0	0
COO	Ming-Lun Lee	22,500 (37,000)	0	0 (8,000)	0
CFO and Corporate governance Officer	Yi-Chun Chen	0	0	0	0

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

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

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

IX. Relationship among the Top Ten Shareholders

Unit: share

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Princeton Healthcare Limited	28,257,983	17.50%	0	0.00%	0	0.00%	Su-Ching Chen	Representative of Princeton Healthcare Limited is the spouse of Su-Ching Chen	NA
Representative: Pei-Lin Lee	6,285,151	3.89%	3,863,808	2.39%	0	0.00%	Tien-Yin Lee	Representative of Princeton Healthcare Limited is the father of Tien-Yin Lee	
Tien-Yin Lee	9,413,985	5.83%	31,000	0.02%	0	0.00%	Princeton Healthcare Limited	Tien-Yin Lee is the son of the representative of Princeton Healthcare Limited	NA
							Pei-Lin Lee	Father & Son	
							Su-Ching Chen	Mother & Son	
Indeed Co., Ltd. Representative : You-Dong Jian	7,220,000	4.47%	0	0.00%	0	0.00%	Yong Jin Shan Co., Ltd.	The same person as Chairman	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A
Pei-Lin Lee	6,285,151	3.89%	3,863,808	2.39%	28,257,983	17.50%	Princeton Healthcare Limited	The representative of Princeton Healthcare Limited	NA
							Su-Ching Chen	Spouse	
							Tien-Yin Lee	Father & Son	
Fubon Life Insurance Co., Ltd Representative: Ming-Shing Tsai	5,389,961	3.34%	0	0.00%	0	0.00%	N/A	N/A	NA
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	NA
Errand Co.,Ltd. Representative: Kun-chang Su	4,722,000	2.92%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A
Shui-Cheng Tu	4,660,033	2.89%	0	0.00%	0	0.00%	N/A	N/A	NA
Su-Ching Chen	3,863,808	2.39%	6,285,151	3.89%	0	0.00%	Princeton Healthcare Limited	Shu-Ching Chen is the spouse of the representative of Princeton Healthcare Limited	NA
							Pei-Lin Lee	Spouse	
							Tien-Yin Lee	Mother & Son	
Yan-Xian Lu	2,300,000	1.42%	0	0.00%	0	0.00%	N/A	N/A	N/A
Yong Jin Shan Co., Ltd. Representative: You-Dong Jian	1,900,000	1.18%	0	0.00%	0	0.00%	Indeed Co., Ltd.	The same person as Chairman	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A

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

March 31, 2022 Unit: thousand shares

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chiu Ho Medical System Co., Ltd.	390,000	100%	0	0%	390,000	100%
Tomorrow Medical System Co., Ltd.	70,800	100%	0	0%	70,800	100%
Chiu Ho Scientific Co., Ltd.	9,854	100%	0	0%	9,854	100%
Hua Lin Instruments Co., Ltd.	41,600	100%	0	0%	41,600	100%
Shin-Ho Instruments Co., Ltd.	21,300	100%	0	0%	21,300	100%
Hsin Lin Biotech Co., Ltd.	8,000	100%	0	0%	8,000	100%
E Century Health Care Corporation	60,000	100%	0	0%	60,000	100%
Tong-Lin Instruments Co., Ltd.	40,000	100%	0	0%	40,000	100%
Chiu Ho Biotech Co., Ltd.	26,000	100%	0	0%	26,000	100%
CHC Healthcare (BVI) Limited	0.94	100%	0	0%	0.94	100%
CHC Healthcare (HK) Limited	100	100%	0	0%	100	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	USD9,503 thousands (Note 2)	100%	0	0%	USD9,503 thousands (Note 2)	100%
Chiu Ho (China) Medical Technology Co., Ltd.	USD7,544 thousands (Note 2)	100%	0	0%	USD7,544 thousands (Note 2)	100%
Hsing-Yeh Biotechnology Co., Ltd	93,600	100%	0	0%	93,600	100%
Neusoft CHC Medical Service Co., Ltd	RMB 3,672 thousands (Note 2)	51%	0	0%	RMB 3,672 thousands (Note 2)	51%
SenCare Healthcare Company	19,400	65.99%	0	0%	19,400	65.99%
PT CHC Medika Indonesia	2.566	100%	0	0%	2.566	100%
CHC Long-Term Care Corporation	NTD31,040 thousands (Note 3)	97%	0	0%	NTD31,040 thousands (Note 3)	97%
Treasure of Health Co., Ltd.	1,071	51%	0	0%	1,071	51%
Cheng-Hsin Biotechnology Co., Ltd	1,200	40%	0	0%	1,200	40%

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

Four. Capital Overview

I. Capital and Shares

(I) Source of Capital

Unit: share; NTD

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

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

Note 1: Letter of Approval, dated 11/27/2009, Fu-Tsen-Yie-Shan-Zi No.09891131200.
Note 2: Letter of Approval, dated 12/18/2009, Gin-Sho-Shan-Zi No.09801290060.
Note 3: Letter of Approval, dated 02/09/2010, Gin-Sho-Shan-Zi No.09901029260.
Note 4: Letter of Approval, dated 03/17/2010, Gin-Sho-Shan-Zi No.09901050740.
Note 5: Letter of Approval, dated 12/22/2010, Gin-Sho-Shan-Zi No.09901281880.
Note 6: Letter of Approval, dated 06/09/2011, Gin-Sho-Shan-Zi No.10001115870.
Note 7: Letter of Approval, dated 11/08/2012, Gin-Sho-Shan-Zi No.10101231660.
Note 8: Letter of Approval, dated 10/11/2013, Gin-Sho-Shan-Zi No.10201208320.
Note 9: Letter of Approval, dated 10/17/2014, Gin-Sho-Shan-Zi No.10301216930.
Note 10: Letter of Approval, dated 01/26/2015, Gin-Sho-Shan-Zi No.10401007850.
Note 11: Letter of Approval, dated 04/24/2015, Gin-Sho-Shan-Zi No.10401068910.
Note 12: Letter of Approval, dated 07/23/2015, Gin-Sho-Shan-Zi No.10401147860.
Note 13: Letter of Approval, dated 10/14/2015, Gin-Sho-Shan-Zi No.10401214610.

Note 14: Letter of Approval, dated 01/08/2016, Gin-Sho-Shan-Zi No.10501000920.
Note 15: Letter of Approval, dated 04/14/2016, Gin-Sho-Shan-Zi No.10501069930.
Note 16: Letter of Approval, dated 08/03/2016, Gin-Sho-Shan-Zi No.10501170840.
Note 17: Letter of Approval, dated 10/18/2016, Gin-Sho-Shan-Zi No.10501243740.
Note 18: Letter of Approval, dated 01/17/2017, Gin-Sho-Shan-Zi No.10601006010.
Note 19: Letter of Approval, dated 04/19/2017, Gin-Sho-Shan-Zi No.10601049020.
Note 20: Letter of Approval, dated 07/18/2017, Gin-Sho-Shan-Zi No.10601101290.
Note 21: Letter of Approval, dated 10/20/2017, Gin-Sho-Shan-Zi No.10601143210.
Note 22: Letter of Approval, dated 07/01/2019, Gin-Sho-Shan-Zi No.10801077540 and dated 07/24/2019, Gin-Sho-Shan-Zi No. 10801088920.
Note 23: Letter of Approval, dated 11/04/2019, Gin-Sho-Shan-Zi No.10801138690.
Note 24: Letter of Approval, dated 08/03/2020, Gin-Sho-Shan-Zi No.10901132660.
Note 25: Letter of Approval, dated 10/14/2020, Gin-Sho-Shan-Zi No.10901195090.
Note 26: Letter of Approval, dated 01/15/2021, Gin-Sho-Shan-Zi No.11001009100.
Note 27: Letter of Approval, dated 04/28/2021, Gin-Sho-Shan-Zi No.11001063840.
Note 28: Letter of Approval, dated 07/14/2021, Gin-Sho-Shan-Zi No.11001121250.
Note 29: Letter of Approval, dated 11/12/2021, Gin-Sho-Shan-Zi No.11001193180.
Note 30: Letter of Approval, dated 01/19/2022, Gin-Sho-Shan-Zi No.11101007390.
Note 31: Letter of Approval, dated 04/18/2022, Gin-Sho-Shan-Zi No.11101065410.

Unit: share

Type of shares	Authorized Capital			Remark
	Outstanding Shares (note)	Unissued shares	Total Shares	
Registered common stock	161,508,355	88,491,645	250,000,000	

Note 1: The Company's stocks are listed stocks.
Note 2: Including the 424,250 shares of the employees' stock options which have been exercised but yet to be registered, as of the book closure starting date

(II) Status of Shareholders

April 17, 2022
Unit: person/share

Shareholder structure / Number	Government	Financial institute	Other juristic person	Individual	Foreign institute and individual	Treasury stock	Total
Number of Shareholders	0	5	39	11,334	94	0	11,472
Shareholding (shares)	0	7,203,961	18,946,392	90,517,934	44,840,068	0	161,508,355
Percentage	0.00%	4.46%	11.73%	56.05%	27.76%	0.00%	100.00%

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

(III) Shareholding Distribution Status

Common stocks

April 17, 2022

Class of Shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage (%)
1 - 999	3,645	415,191	0.26
1,000 - 5,000	6,140	11,653,342	7.22
5,001 - 10,000	799	6,294,064	3.90
10,001 - 15,000	256	3,234,061	2.00
15,001 - 20,000	135	2,488,320	1.54
20,001 - 30,000	139	3,575,573	2.21
30,001 - 40,000	81	2,828,554	1.75
40,001 - 50,000	38	1,722,689	1.07
50,001 - 100,000	104	7,199,035	4.46
100,001 - 200,000	52	7,343,357	4.55
200,001 - 400,000	31	8,374,979	5.19
400,001 - 600,000	17	7,898,882	4.89
600,001 - 800,000	13	9,114,015	5.64
800,001 – 1,000,000	4	3,829,412	2.37
Over 1,000,001	18	85,536,881	52.95
Total	11,472	161,508,355	100.00

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

April 17, 2022 Unit: share

Shares / Shareholder	Shareholding	Percentage
Princeton Healthcare Limited	28,257,983	17.50%
Tien-Ying, Lee	9,413,985	5.83%
Indeed Co., Ltd.	7,220,000	4.47%
Pei-Lin, Lee	6,285,151	3.89%
Fubon Life Insurance Co., Ltd.	5,389,961	3.34%
Errand Co.,Ltd.	4,722,000	2.92%
Shui-Cheng Tu	4,660,033	2.89%
Su-Ching Chen	3,863,808	2.39%
Yan-Xian Lu	2,300,000	1.42%
Yong Jin Shan Co., Ltd.	1,900,000	1.18%

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

Unit: NTD: per thousand shares

Item / Year			2020	2021	As of March 31 of the year
Market price per share	Highest		48.60	40.10	47.35
	Lowest		27.65	33.00	35.80
	Average		38.87	36.72	39.66
Net worth per share	Before distribution		37.47	37.78	36.22
	After distribution		35.46	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		144,957	157,029	161,054
	Earnings per share		2.53	2.43	0.37
Dividends per share	Cash dividends		2.01	(Note 1)	—
	Stock dividends	from Retained Earnings	—	(Note 1)	—
		from Capital Surplus	—	(Note 1)	—
	Retained dividends		—	(Note 1)	—
ROI analysis	Price / Earnings Ratio (Note 2)		15.36	15.11	—
	Price / Dividend Ratio (Note 3)		19.34	(Note 1)	—
	Cash Dividend Yield Rate (Note 4)		0.05	(Note 1)	—

Note 1: Based on the resolution of the Shareholders' Meeting of the following year; however the distribution of 2020 earnings hasn't been ratified by the Shareholders' Meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Company dividend policy and implementation

1. Dividend policy

The Company's earnings, if any, should be applied to pay tax and make up for losses, and then appropriate 10% legal reserve from the remaining amount thereafter. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased. In addition, special reserve will be appropriated or

reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings of previous years will be available for Rear, so at least 50% of the said amount should be appropriated according to the proposal of the Board of Directors; also, when issuing new shares, it should be presented in the shareholders meeting for resolutions.

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

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

2. The proposed dividend distribution in this shareholders meeting

The Company's 2021 earnings distribution proposal was approved by a resolution of the Board of Directors on March 23, 2022, with a shareholders cash dividend of NT$2.011 per share, for a total of NT$323,878,800. This proposal awaits submission to the 2022 annual shareholders' meeting.

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

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

The Company’s 2021 earnings distribution proposal was approved by a resolution of the Board of Directors on March 23, 2022, with a shareholders cash dividend of NT$2.011 per share to be distributed; therefore, no stock dividend was to be distributed and no impact resulted.

(VIII) Remuneration to employees, directors, and supervisors

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

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

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

The estimation basis for the remuneration to the Company’s employees and directors and the basis for the calculation of stock dividend are based on a certain percentage as stipulated in the Articles of Association, which are recognized as expenses and liabilities.

When there is a significant difference between the distribution amount resolved by the Board of Directors and the estimated amount, it should be adjusted retrospectively to the profit or loss of the current year. When there is a difference between the actual distribution amount resolved in the shareholders meeting and the estimated amount, it should be adjusted to the profit or loss of the following year.

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

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

It had been approved by a resolution of the Board of Directors on March 23, 2022, but is yet to be submission to the 2022 annual shareholders meeting.

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

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

The proposed remuneration to employees and directors and supervisors is not different from the estimated amount in 2021.

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

The Company's remuneration to employees was approved by a resolution of the Board of Directors on March 23, 2022 without any stock dividend planned; therefore, it is not applicable.

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

For the 2020 earnings distributions proposal approved by a resolution of the annual shareholders meeting on July 1, 2021, the actual cash dividend and stock dividend to employees, and remuneration to directors and supervisors were as follows:

Distribution items	Amount (NTD)
Cash dividend to employees	200,000
Stock dividend to employees	None
Remuneration to directors and supervisors	5,600,000

The aforementioned dividend distribution is not different from the estimated amount in 2020 and the resolution of the Board of Directors on March 19, 2021.

(IX) The stock shares repurchased by the company:

None.

II. Bonds

(I) Corporate bond issuance

Type of corporate bond		The 4th domestic secured convertible corporate bond
Issuance (handling) date		August 4, 2020
Face value		NT$100,000
Place of issuance and transaction		Domestic
Issuance price		Issued at 101% of the par value
Total amount		NT$1,500,000,000
Interest rate		0%
Term		5-year Due date: August 4, 2025
Guarantee agency		First Commercial Bank CTBC Bank Taipei Fubon Bank
Trustee		Bank SinoPac
Underwriting institution		Fubon Securities Co., Ltd.
Certification Lawyer		Handsome Attorneys-at-Law Lawyer Yawen Qiu
Certification CPA		PricewaterhouseCoopers (PwC) Taiwan Yu-Fang Yen, CPA/Pei-Lin Tu, CPA
Repayment method		According to the provisions of Article 6 of the Rules Governing the Transfer of Corporate Bonds, except for that the holder of the convertible corporate bond has it converted into the common stock shares of the Company in accordance with Article 10 of the Rules, or the Company has it redeemed in advance according to Article 18 of the Rules, or has it redeemed from TPEx and canceled, the Company will pay in cash for 102.525% of the face value (actual yield rate 0.5%) of the convertible corporate bonds that are held by the bondholders at the maturity date.
Unpaid principal		NT$1,500,000,000
Redemption or early payment terms		Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Restrictions		Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Names of credit rating agencies, evaluation dates, corporate bond evaluation results		Not applicable
Other rights attached	Common stock amount, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the annual report printing date	None of the creditors has exercised conversion of the convertible corporate bonds so far.

Type of corporate bond		The 4th domestic secured convertible corporate bond
	Issuance and Conversion (stock exchange or subscription) Rules	Please refer to the company's 4th domestic secured convertible corporate bond issuance and conversion rules.
The issuance and conversion, stock exchange or subscription method, and the impact of the issuance conditions on possible dilution of equity and existing shareholders' equity		When the remaining corporate bonds are converted into common stock shares entirely based on the existing conversion price, additional 29,469,548 shares should be issued, and the share capital expansion rate is 18.25%, which has limited impact on the existing shareholders' equity.
Name of the depository agency for the exchange subject matter		Not applicable

(II) Convertible corporate bond information

Type of corporate bond		The 4th domestic secured convertible corporate bond		
Item \ Year		2020	2021	As of March 31 of the year
Convertible corporate bond market price	Max.	112.50	118.00	120.00
	Min.	104.70	106.05	109.00
	Average	107.80	111.31	114.78
Conversion price		53.9	50.9	50.9
Issuance (handling) date and conversion price at the time of issuance		Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9
Performance of conversion obligation		Issuance of new shares	Issuance of new shares	Issuance of new shares

(III) Exchangeable Bonds

None.

(IV) Shelf Registration for Issuing Bonds

None.

(V) Corporate Bonds with Warrants

None.

III. Preferred Stock Issuance

None.

IV. Global Depository Receipts

None.

V. Employee stock options and new restricted employee shares

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

April 17, 2022

Type of employee stock options	First employee stock option in 2017
Effective filing date	August 24, 2017
Issuance (handling) date	April 13, 2018
Number of units issued	2,000 units
Ratio of shares to be subscribed to total shares issued	1.24%
Subscription period	7 years
Performance method	Issuing of new stocks
Restrict subscription period and ratio (%)	Subscriber with stock option for two years may exercise stock subscription rights according to the following schedule and ratio: Stock options Schedule Ratio (cumulative) 2 years 25% 3 years 50% 4 years 75% 5 years 100%
Number of shares obtained	1,002,000 shares
Shares amount obtained	NT$30,072,275
Number of shares not subscribed	903,250 shares
The price per share of shares not subscribed	NT$28.8
Ratio of shares not subscribed to total shares issued (%)	0.56%
Impact on shareholder's equity	The stock options can be exercised after two years from the issuance date. The original shareholder's equity will be diluted year by year, which will not have a significant impact.

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

1. The first employee stock option in 2017

April 17, 2022 Unit: NT$ thousands (unless otherwise stated); 1,000 shares

Job Title		Name	Number of shares obtained	Ratio of shares acquired to total shares issued	Implemented				Not Implemented			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued
Managers	General Manager	Pei-Lin, Lee	210	0.13%	22.50	NT$30.5 (Note 2)	686.25	0.01%	187.50	NT$28.8 (Note 3)	5,400	0.12%
	Vice President	Tien-Ying, Lee (Note 1)										
	Chief Executive Officer,Oncology Business Group	Yee-Min Jen										
	COO	Ming-Lun Lee										
	CFO	Yi-Chun Chen										
Employees	Vice President	Zhongming Zhuang	565	0.35%	101.25 98.25 131.75	NT$31.9 NT$30.5 (Note 2) NT$28.8 (Note 3)	10,020.90	0.21%	233.75	NT$28.8 (Note 3)	6,732	0.14%
	Vice President	Mingfa Hsieh										
	Vice President	Fang-chin Chang										
	Junior Vice President	Minzong Zhuang										
	Special Aide	Guixiang Huang										
	Manager	ShiShon Sang										
	Manager	Shihong Dai										
	Manager	Suhua Luo										
	Assistant Manager	Wenbo Lu										
	Superintendent	Jiaxuan Wu										

Note1: In response to the Group’s restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

Note 2:In response to the 2020 dividend distribution, the Company adjusted the employee stock option price from NT$31.9 to NT$30.5 on July 18, 2020 according to the Company’s “Rules Governing the Issuance of Employee Stock Option.”

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

Note 4: The number of shares issued as of April 17, 2022 was 161,508,355 shares.

(III) Issuance of new restricted employee shares

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

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

None.

VII. Financing Plans and Implementation

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

Five. Operational Highlights

I. Business Activities

(I) Business Scope

1. The Company: General investment industry

2. The Group

(1) Main content of the business

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

(2) Business ratio

Unit: NT$ thousands

Products	2021	
	Amount	Business ratio
Sales of equipment for radiation oncology and neurology	612,686	25.11%
Other sales	173,635	7.12%
Sales of medicines and health supplements	272,230	11.16%
Rental revenue	1,047,757	42.95%
Service revenue	321,017	13.16%
Other operating revenues	12,239	0.50%
Total	2,439,564	100.00%

(3) The Group's products (services)

① Products (services)

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

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

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

D. Distributed ophthalmology equipment brands: Bausch+Lomb, Ellex, Leica, PhysIOL, Wexler, Hillrom (Welch Allyn), and Albomed, etc.

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

F. Nippon Electric Glass Co., Ltd.: Distribution of lead glass for medical use.G. Autonomously developed information system sales and cooperation: iROIS.

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

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

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

K. Professional consulting: Provide relevant evaluations on the establishment, procurement, and update of medical device and equipment, consultation on the establishment of relevant software and hardware for medical institutions, and consultation on the construction of large medical equipment.

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

② Distribution product brand and item

A. Radiation oncology

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

B. Neuroscience

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

Medicapture	Medical image processing system
Microtek Medical	Surgical microscope sterilization set
Adventech	Smart medical products

C. Medical imaging

Distribution brands	Products
Swissray	Digital X-ray imaginary diagnostic system

D. Ophthalmology

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

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

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

②Promotion of MRI linear accelerator (MR-Linac).

③Expansion of the scope of application of the cooperative medical departments of medical institutions.

④Development of radiation sterilization business (X-ray sterilization & electron irradiation sterilization).

⑤Development of elderly care business.

⑥Development of health and well-being business.

(II) Industry overview

1. The Company

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

2. The Group

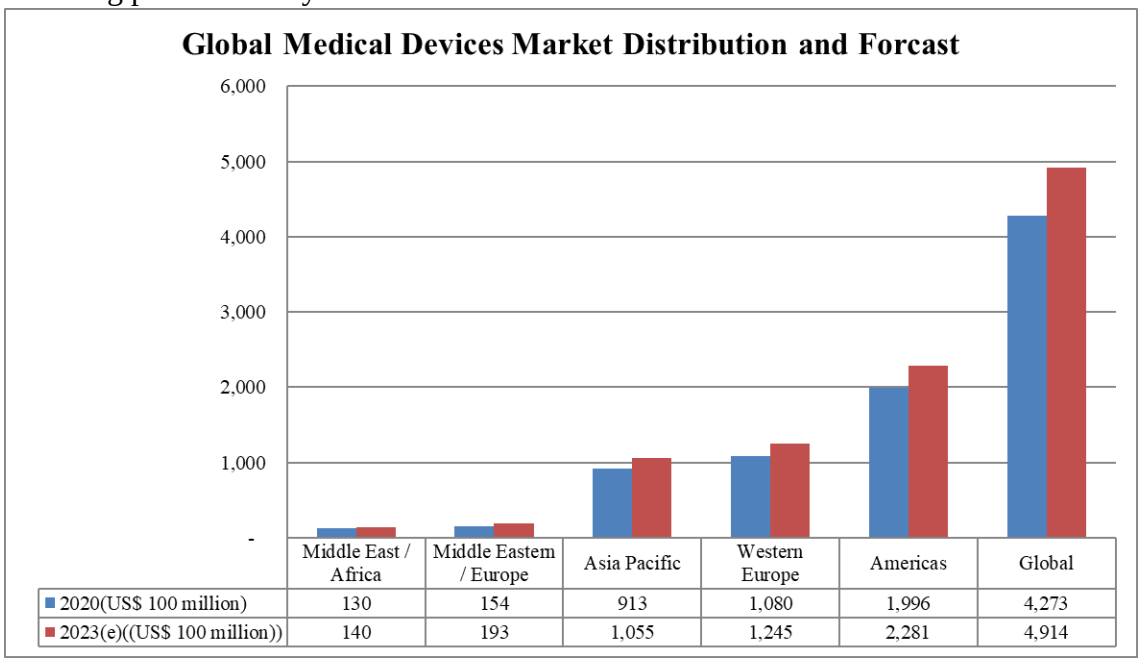
(1) Current status and development of industry

The medical equipment industry covers a wide range of products. The "2021 Medical Devices Industry Yearbook" divides medical equipment into the categories of medical equipment for diagnosis and monitoring, medical equipment for surgery and treatment,

medical equipment for patient aid and recovery, equipment for in vitro diagnosis, and other medical equipment apart from items in the above categories in accordance with the Taiwan Pharmaceutical Affairs Act and the "Medical Equipment Classification" announced in 2000.

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

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



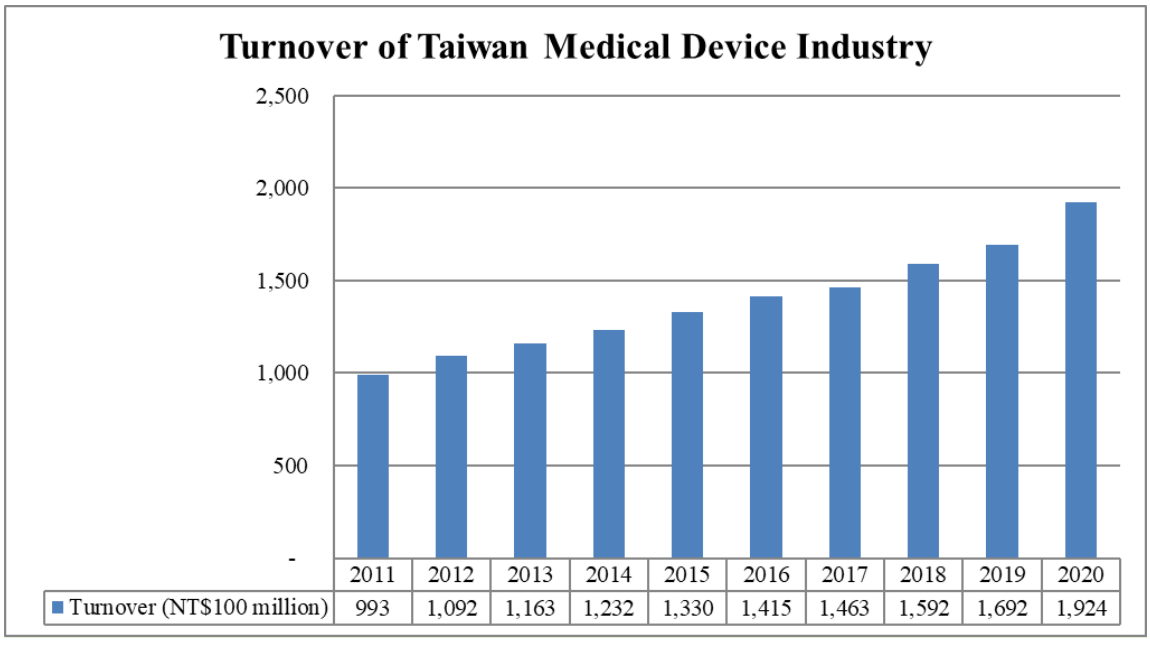
	Middle East / Africa	Middle Eastern / Europe	Asia Pacific	Western Europe	Americas	Global
2020(US$ 100 million)	130	154	913	1,080	1,996	4,273
2023(e)((US$ 100 million))	140	193	1,055	1,245	2,281	4,914

Source: 2021 Biotechnology Industry in Taiwan

According to the 2021 Biotechnology Industry in Taiwan (as shown above) the

global medical device market had a value of US$427.3 billion in 2020 and is expected to reach US$491.4 billion in 2023. The compound annual growth rate (CAGR) from 2020 to 2023 will be approximately 4.8%. In terms of region, the overall top-three markets consist of the Americas (46.7%), Western Europe (25.3%), and Asia Pacific (21.4%). Benefiting from the global leadership in the United States medical equipment market and the growing demand for medical care driven by the increasing aging population, the Americas has long been a leader in the global medical devices market. Growth in both market size and proportion of Western Europe in 2020 compared with 2019 was mainly driven by the demand for epidemic prevention. In the post-Covid period, Western Europe will continue to be influenced by demographic aging. As its elderly population continues to increase, Western Europe's medical materials and equipment market is expected to continue to occupy a leading global position. Thanks to multiple growth engines including a lack of medical resources due to the pandemic, increasing medical care needs of aging populations, and the growth of emerging markets, the Asia-Pacific region has the highest compound annual growth rate among the top three markets (4.9%), which is also higher than the global compound annual growth rate. Therefore, the medical device market in the Asia Pacific region has considerable development potential.

With regard to the medical equipment market in Taiwan, total turnover in 2020 was approximately NT$192.4 billion (as shown below), which represented an increase of 13.7% compared with the NT$169.2 billion turnover in 2019. Its growth rate has remained the highest during the last ten years, and its CAGR from 2011 to 2020 was 7.6%, which indicates the strong long-term performance of Taiwan's medical equipment market. In view of the continued aging trend and rapidly growing elderly population, the number of people with medical needs will grow steadily, and demand for medical equipment will also increase continuously; At the same time, the technological level and complexity of medical equipment will also increase with the development of new technologies. We anticipate this will cause the unit price of medical equipment to rise, while creating market opportunities. The medical equipment industry is consequently one of Taiwan's industries with major development potential.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Turnover (NT$100 million)	993	1,092	1,163	1,232	1,330	1,415	1,463	1,592	1,692	1,924

Source: 2021 Biotechnology Industry in Taiwan

According to the Taiwan customs data, the import value of medical equipment in Taiwan was NT$92.30 billion in 2020, which represented significant 7.8% growth from

2019. Furthermore, during the most recent five years, the import value of medical equipment in Taiwan has also increased annually, with a 6.6% CAGR. The exporting countries are mainly Europe, the United States, and Japan, and the imported products are mostly high-end medical products of leading brands in the advanced countries, which Taiwan is still unable to produce and market independently. For example, radiation oncology equipment, medical imaging high-end equipment, surgical treatment equipment, etc. It is expected that the import items will be the same if Taiwan's industrial structure has not been changed significantly. Although the size of the domestic market is not as large as that of Europe and the United States, the domestic market demand and per capita medical supplies consumption are increasing year by year due to the aging population structure and the expectation of the public in medical care quality. In particular, with the aging population and the increasing demand for medical care driven by the increase in chronic diseases, under the healthcare system, the demand for overall medical resources is significant, the public's demand for medical quality and services has increased, and the growing demand for self-funded plastic surgery and ophthalmology, the demand for imported high-end novel medical supplies is also quite high. With the growth of domestic demand, it is expected that the growth of imported medical supplies will continue to grow in the future.

With regard to the Chinese medical equipment market, in 2020, China's medical equipment market was valued at US$29.1 billion, an increase of 5.5% from 2019. It is the fourth largest market in the world and the second largest market in Asia. In the future, with the reform of China's medical policy and the investment of relevant medical resources, the overall medical market demand in China will continue to expand, and it is expected to drive the growth of the medical device industry. Supported by government policy and demand from the huge domestic market, the Chinese medical equipment market is estimated to reach US$34.93 billion in 2023, with a CAGR of 6.3% from 2020 to 2023. Growth is thus expected to be quite strong in the Chinese market.

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

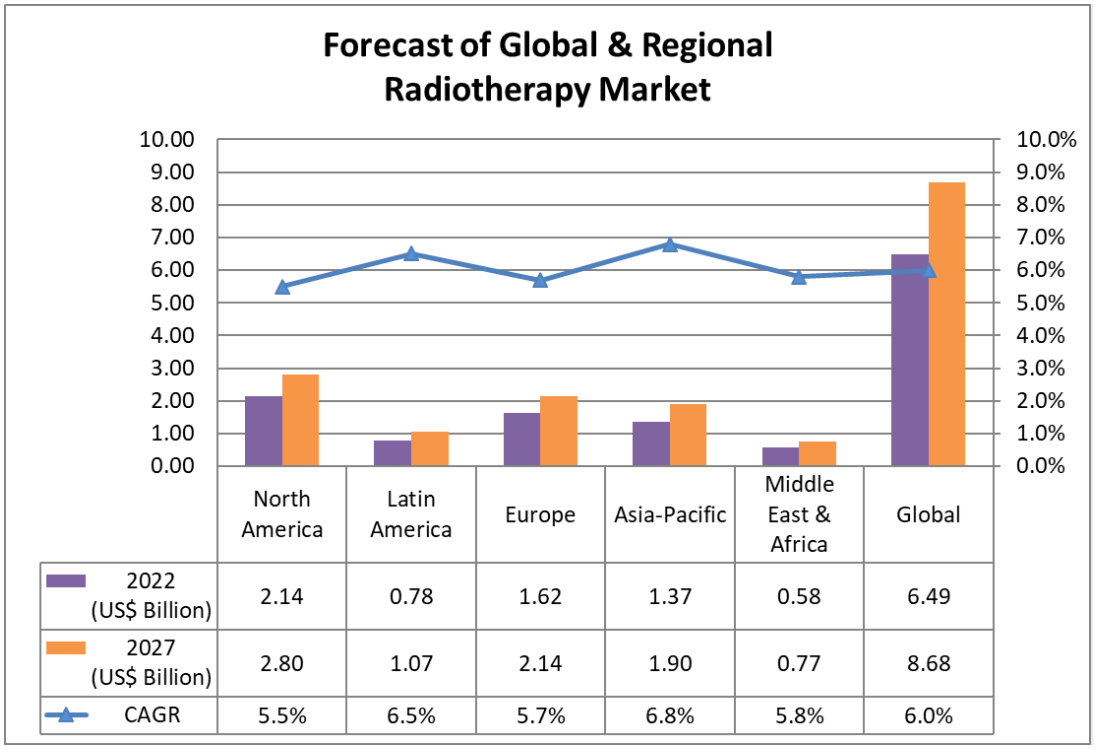
The medical equipment industry is with a wide range of products and detailed classification. The Group currently focuses on the sale and collaboration of medical equipment and consumables for radiation oncology, neuroscience, medical imaging, and ophthalmology.

①Radiation oncology and neuroscience

A. State of the global radiotherapy market

As shown in the chart below, Market Data Forecast anticipates that the global radiotherapy market will grow from US$6.49 billion in 2022 to US$8.68 billion in 2027, which represents a CAGR of 6.0%. Factors driving the growth of the radiotherapy market include increasingly advanced and precise technology, the continued increase in the incidence of cancer worldwide, the preference for

non-surgical treatment approaches, and the replacement of equipment by hospitals and clinics in pursuit of even better therapeutic quality.



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

Source: Market Data Forecast

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

B. Share of the global radiotherapy system equipment market

The global radiotherapy equipment linear accelerator market is an oligopoly market. The two major manufacturers, the Swedish brand Elekta and the American brand Varian, secured nearly 90% market share in the world. Further analyzing the market share, Varian has an advantage in America; also, the two brands share the European market and Asian market equally.

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

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

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

According to the information released by IBA, the leader in proton therapy technology, in the recent years, about 16,000 patients worldwide have received proton therapy annually. It is expected that in 2030, the number of proton therapy patients will grow to 300,000 per year, which shows that the supply of existing proton therapy resources is far lower than the market demand, and it is expected that there is still huge room for growth in the future.

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

In recent years, the Group has also actively promoted the precision medicine – proton therapy system. The Group hopes that by introducing high-end medical equipment and technical services the public will be able to enjoy more precise treatment, more adequate medical resources, and higher quality medical services in order to improve the overall health and well-being of the citizens. The IBA distributed by the Group is a global leading brand of proton therapy. A majority of patients who undergo the proton therapy apply the IBA system in the world. The Group officially introduced the proton therapy system into Taiwan medical market in 2016 and it had taken up a 40% market share in Taiwan by the end of 2020.

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

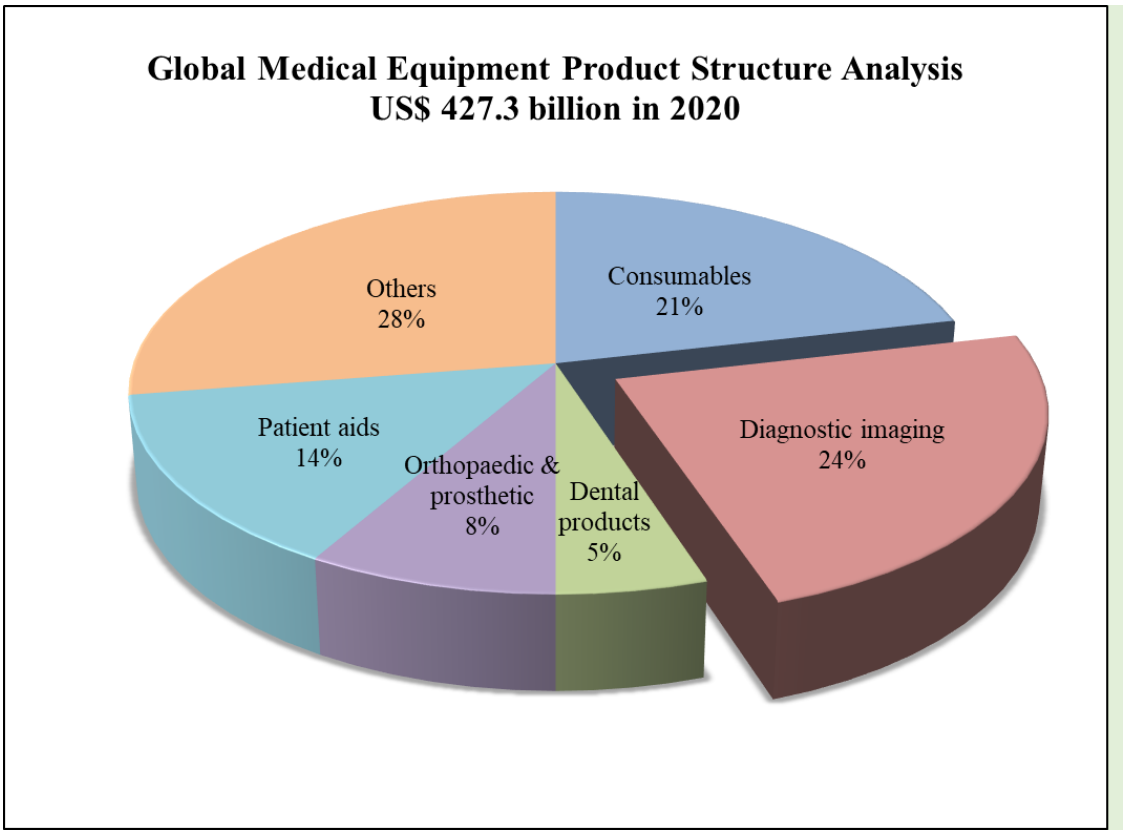
②Medical imaging

A. Overview of the diagnostic imaging market's development

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

As shown below, the category "Others" of the global medical device market accounted for the highest proportion of the global medical supplies market in 2020, while it was not a single item, but a combination of many items. In terms of the largest single category diagnostic imaging product, it accounted for 24%. Apparently, the market demand for diagnostic imaging products is very big. Diagnostic imaging

products include radiation diagnostic imaging equipment such as X-ray machines, computed tomography (CT), and positron emission tomography (PET), and non-radiological diagnostic imaging equipment such as medical ultrasound screeners and magnetic resonance imaging (MRI). In addition, the parts, accessories, consumables, etc. of diagnostic imaging equipment are also within the scope of such products.



Source: 2021 Medical Devices Industry Yearbook

According to the classification and grading of medical equipment in Taiwan, the medical imaging products distributed by the Group refer to the medical imaging devices included in the medical imaging equipment for diagnosis and monitoring, such as the device to capture the image of internal structure of the body with non-invasive technology, including ultrasound imaging equipment, computer tomography (CT), X-ray machine, and MRI, etc. Because this type of equipment has an extremely high technological threshold, it is still generally imported by Taiwan. According to the 2021 Medical Devices Industry Yearbook, medical imaging devices accounted for as much as 73.1% of the imported diagnostic and monitoring equipment market as a whole. In view of such devices' prevailing high cost and major influence on diagnostic decision-making, hospitals and clinics typically prefer to purchase well-known international brands as a priority. As a consequence, the medical imaging device market is dominated by GE, Philips, and Siemens.

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

B. Diagnostic imaging market development trends and strategies

(A) Technology trends – Equipment integration (positron emission tomography

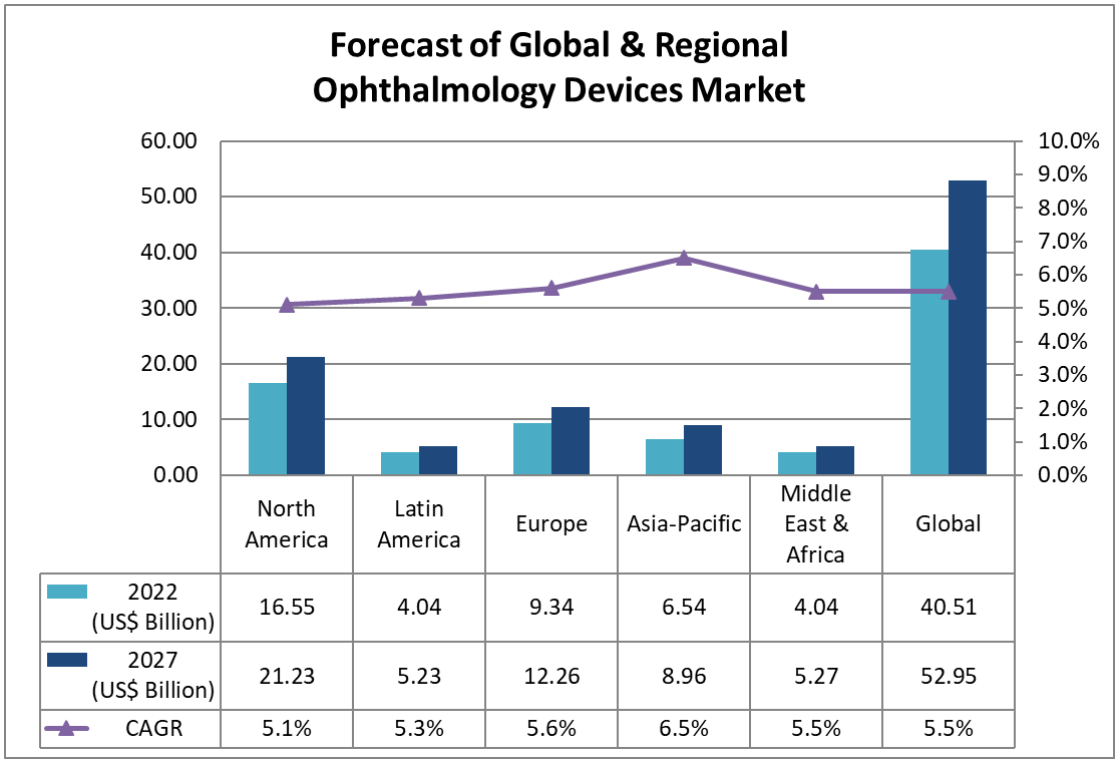
combined with computed tomography, positron emission tomography combined with nuclear magnetic resonance), low-dose, portable/mobile, special-purpose equipment development, etc.

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

(C) The Group will seek to develop smarter products, coupled with such emerging technologies as AI and big data. These products will assist professional medical decision-making, improve diagnostic efficiency and realize precision medicine.

③Ophthalmology

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



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

Source: Market Data Forecast

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

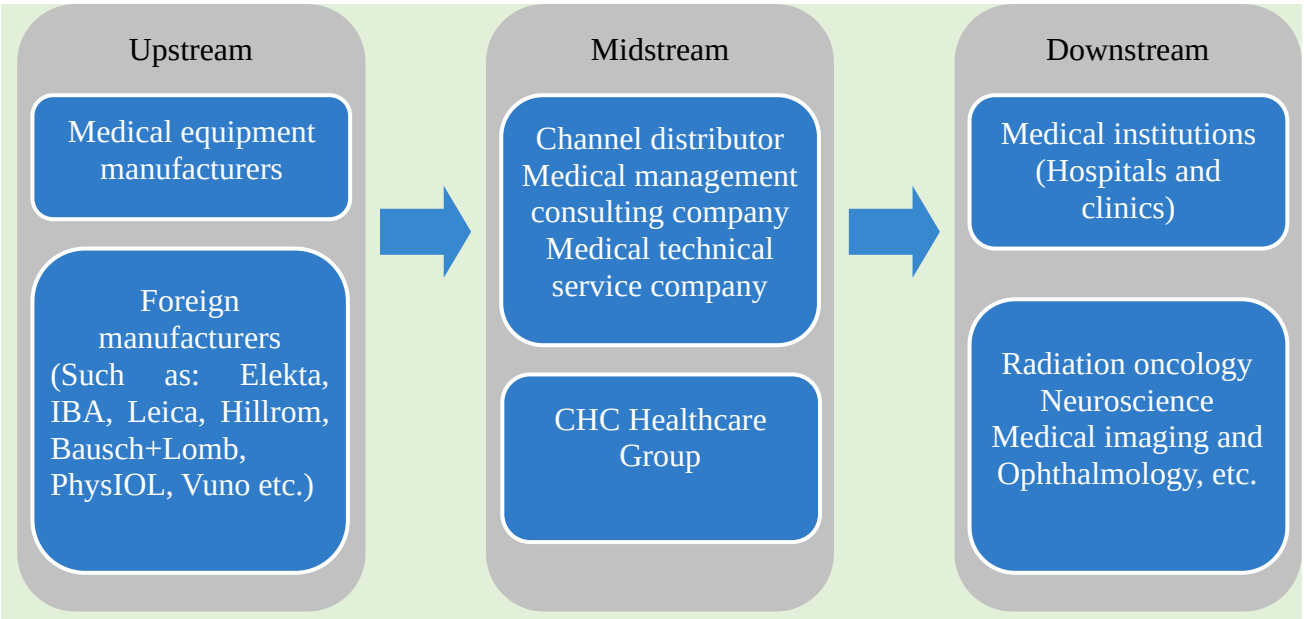
cataracts after the age of 65.

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

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

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

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



(3) Various product development trends

①Medical equipment technology development trends

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

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

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

②New trends in the development of radiotherapy technology

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

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

③E-management of oncology records

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

In addition, the Group has successfully developed the Integrated Radiation Oncology Information System (iROIS), as an information platform available to customers from the clinical point of view, to integrate patient treatment information between the Hospital Information System (HIS) and the Oncology Information System (OIS), which can also make systematic warnings or reminders for the key points of the

radiotherapy process, thereby effectively improving the efficiency of clinical operations and improve patients' safety at the same time and optimize the operating procedure adopted by a radiation oncology department.

④A growing demand for radiotherapy equipment in China

Surgery, chemotherapy, and radiotherapy are the three major methods of cancer treatment. These three methods can be used individually or in combination for different cancers at different stages of treatment to achieve the best therapeutic effect. In the current situation, most cancer patients need radiotherapy, which is the key to the popularization of radiotherapy equipment.

The Chinese government is in line with the situation that radiotherapy is currently in short supply, and at the same time promoting the rational allocation of large-scale medical equipment. It released the adjustment to "2018–2020 Large Medical Equipment Configuration Plan" on July 31, 2020, in order to further optimize the allocation of large-scale medical equipment in order to satisfy the multi-faceted and diversified medical service needs by clinical diagnosis, medical research and people. A total of 12,768 units of large-scale medical equipment, formerly 10,097 units, are to be added, including 16 proton therapy systems; 188 new high-end radiotherapy equipment, and 1,451 new linear accelerators (including X-knife). Apparently, in correspondence with the promotion of policies, radiotherapy equipment is with growth potential in the Chinese market.

⑤Medical equipment collaboration and medical management services

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

While stabilizing the Taiwanese market, the Group will also export its proud medical management services to China and Southeast Asia. The services will range from the most basic medical device and equipment collaboration and business consulting to the management service of individual department and even the entire hospital. The initial target customer is mainly based on local large-scale medical institutions, and the Group expects to penetrate overseas markets by taking advantage of its own soft power. The medical management service not only provides all the medical equipment required by each department of the medical institution in order to eliminate the problem of integration efficiency on different systems, but also supports the education and training of equipment in various medical institutions at any time, providing professional skills or the planning of the medical staff training courses to deepen the dependence of the customer.

(4) Competition

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

The medical products distributed by the Group are mostly manufactured by renowned large manufacturers in Europe and the United States, and are the leading brands in the world. In addition to the professional R&D team and the clinical test reports and academic papers of renowned foreign medical centers, the manufacturers have

obtained EU CE certification, US FDA license and TFDA license from the Ministry of Health and Welfare with the relevant supporting documents made available. At present, competitors' products in the market are mostly limited to a few non-mainstream models, which are difficult to obtain customer recognition. Also, the competitor's brands are facing the dilemma of not having new functional models from the foreign manufacturers. Therefore, they are unable to compete against the leading brands with R&D capabilities that are distributed by the Group.

②Medical equipment collaboration and medical management services

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

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

1. The Company

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

2. The Group

The Group is not in the manufacturing industry and therefore does not have a dedicated R&D department. However, since 2018, the Group has engaged in the "IROIP (Integrated Radiation Oncology Information Platform) Development Program" which seeks to develop information platforms capable of integrating patient information in hospitals' medical information systems and radiotherapy information systems. This project was completed in 2020, and the resulting "Integrated Radiation Oncology Information System (iROIS)" was been put on the market. While the Group had project R&D expenditures of NT$6,252 thousand in 2020, there were no relevant R&D expenditures in 2021.

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

1. The Company

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

Engages in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service,

and the sale of related parts, consumables, medicines, and health supplements.

2. The Group

(1) Short-term business development plan

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

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

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

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

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

(2) Long-term business development plan

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

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

③The Group has gotten involved in the radiation sterilization business, introduced systems from well-known international brands, and provides photon/electron radiation sterilization services, while emphasizing this technology's safety, high performance, and no residues. This is making it the first vendor in Taiwan to offer radiation sterilization technology in line with the sustainable utilization ethos.

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

II. Market and Sales Overview

(I) The Company

Not applicable

(II) The Group

1. Market analysis

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

Unit: NT$ thousands; %

Sales area	2020		2021	
	Amount	Ratio	Ratio	Ratio
Taiwan	2,488,500	97.40	2,381,216	97.61
China	58,386	2.29	48,855	2.00
Others	8,025	0.31	9,493	0.39
Total	2,554,911	100.00	2,439,564	100.00

(2) Market share

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

Product Items	Distributed brands	Market share
Radiation oncology equipment	Elekta and other	≥ 55%
Proton therapy system	IBA	≥ 40%
Intracavitary brachytherapy systems	Elekta Nucletron	≥ 80%
Water phantom radiation quality measurement certification system	PTW	≥ 70%
Neural radiosurgery system	Elekta Gamma Knife	≥ 60%
Surgical microscope – neurosurgery	Leica	≥ 80%
Imported brand multifunctional surgical bed	Hillrom	≥ 20%
Surgical microscope – ophthalmology	Leica	≥ 45%
Multi-focal/ multi-focal astigmatism artificial intraocular lens - self-paid	PhysIOL	≥ 15%

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

①Market supply and demand changes in the future

With regard to the medical equipment market in Taiwan, overall turnover in 2020 was approximately NT$192.4 billion, and the market has grown continuously in the last ten years. The CAGR from 2011 to 2020 was 7.6%, and the 2020 growth rate of 13.7% was the highest in the past decade. In terms of population, Taiwan had a population of 23.56 million as of the end of 2020, with an average life expectancy of 81.3 years, including 84.7 years for women and 78.1 years for men. The average life expectancy has set a record high, and is far higher than the global average. Taiwan formally became an "aged society" in 2018 (when the proportion of people over 65 years of age exceeded 14%). As of 2020, the trend toward a lower birth rate has resulted in negative population growth. Factors such as the low birth rate and loss of working population are indirectly increasing the rate of demographic aging, and the proportion of the population over 65 years of age reached 16.1% in 2020. It is expected that Taiwan will become a "super-aged society" by 2025, at which time the elderly population will exceed 20%. As the average life expectancy increases, the elderly population increases year by year, the rate of chronic diseases gradually increases, and demand for medical resources also steadily rises.

A. Radiation oncology and neuroscience

Malignant tumors have been in first place among the top ten causes of death in Taiwan for close to 40 years. According to the data of the Ministry of Health and Welfare, a total of 173,067 persons died in 2020, of whom 50,161 persons died from malignant tumors, and accounted for nearly 30% of the total deceased. This indicates that the treatment of malignant tumors has become one of the most serious medical challenges in Taiwan. According to the statistics up to the end of 2020, there was a total of 479 hospitals in Taiwan, among which only 95 hospitals have a radiation oncology department setup, but there are 141 hospitals with more than 300 beds in service. Such hospitals are large enough to open a radiation oncology department to treat more patients. All of the aforementioned phenomena show that there is still room for growth in the demand for cancer radiation equipment in Taiwan.

B. Diagnostic imaging

Most medical imaging devices, including MRI machines and computer tomography (CT) machines, are very costly and have a great impact on diagnostic decision-making. As a consequence, hospitals tend to chiefly consider brand when making purchasing decisions. And due to the fact that medical imaging devices have an extremely high technological threshold, Taiwan largely depends on imports for the medical imaging equipment it needs. According to data in the 2021 Medical Devices Industry Yearbook, imported medical imaging devices were valued at NT$6.27 billion in 2020, and this figure represented more than 20 times the value of similar exported devices (NT$260 million) and had risen by 12% compared with 2019. This increase in the value of imported devices is largely attributable to the replacement of equipment by hospitals and clinics. With rising life expectancy and continued demographic aging in the future, a growing incidence of cardiovascular disease, rehabilitation, and orthopedic problems can be expected. This trend will continue to drive the growth of the medical imaging device market.

C. Ophthalmology

As of the end of 2020, there were approximately 3.79 million people in Taiwan over the age of 65, and these persons accounted for 16.1% of the total population. As a result, Taiwan has become an "aged society." With the growing elderly population and rising average life expectancy, the elderly are seeking a higher quality of life, which has increased demand for treatment of various eye diseases.

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

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

②Economic development has accelerated demand for upgraded medical services

The prevention and treatment of diseases by modern medicine rely heavily on the diagnosis results of advanced medical equipment. With the economic development and the advancement of medical technology, the national living standard and average life

expectancy have also steadily increased. The quality requirements for the medical service market have risen sharply, which has directly led to an increase in the market demand for medical instruments and equipment, which has accelerated the speed of domestic and foreign capital investment in the medical service industry. The market expects that the selection of medical equipment will become more and more advanced. Its product structure is constantly adjusted, its functions are advancing with the times, and the demand continues.

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

According to data from the 2021 Medical Devices Industry Yearbook, China's medical equipment market was valued at approximately US$29.10 billion in 2020, and this figure represented a growth of 5.5% compared with 2019. The many inadequacies in the Chinese medical system brought to light by the COVID-19 pandemic have prompted the government to seek out new strategies for the medical and public health systems. This situation will stimulate the development of China's medical device market as a whole. Another consideration is that the Chinese government's active promotion of medical reforms in recent years has driven growing medical market demand. In the 14th Five Year Plan initiated in 2021, items intended to promote citizens' health emphasized the construction of a powerful public health system, putting the national health insurance system on a sound footing, and deepening reforms of the medical and public health systems. Relevant measures include the development of high-end medical equipment, strengthening cancer medical center establishment, improving the rapid approval of medical devices, and the active development of commercial medical insurance. These measures are expected to promote the positive development of the Chinese medical device market, which is projected to enjoy a CAGR of 6.3% from 2020 to 2023, and the medical device market should reach a value of US$34.93 billion in 2023.

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

Taiwan is currently an "aged society." As of the end of 2020, there was one senior over the age of 65 for every 6.2 persons, and elderly persons over the age of 65 accounted for more than 14% of the population in 17 out of Taiwan's 22 cities and counties. According to the newest population estimates from the National Development Council, Taiwan is projected to enter the "super-aged society" stage by 2025, at which point the elderly will account for more than 20% of the population. In Europe, America, and Japan, where the population has been aging at an even faster rate, long-term care has unavoidably become a major issue. In view of the huge business opportunities created by this trend, the Group has begun collaborating with Japan's Sakurajyuji Group to enter Taiwan's long-term care market. In the future, the Group hopes to create comfortable, safe and elderly-oriented humanized spaces based on a differentiated strategy. Apart from improving continuous care, the Group will also promote the concept of preventive medicine, hoping to maximize the healthy life expectancy of the elderly, minimize the time spent in bed, enhance seniors' dignity and quality of life, and establish a new perspective on long-term care in Taiwan.

(4) Competitive niche

①A professional technical team

The high-end medical equipment distributed by the Group is designed with precision, from installation to upgraded maintenance and repair, which requires sophisticated technology. The Group’s technical team has been trained by the manufacturers, so the team is familiar with the mechanical structure and has sufficient

and practical experience. The medical institutions are willing to cooperate continuously and the manufacturers are worry-free and rely on the Company for business promotion and market development with distribution rights secured soundly.

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

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

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

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

④Channel value highly recognized by foreign manufacturers

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

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

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

①Advantageous factors

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

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

products, new functions and new technologies to initiate the new market demands and maintain competitive edges.

B. A professional technical service department

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

C. A sound financial structure

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

D. Acquiring opportunities for expansion in China and Southeast Asia

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

E. Establishing equipment and medical service collaboration

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents growth potential. Under a leasing program, not only can the cost of medical institutions be reduced, but also the equipment can be customized based on particular needs so that the equipment can be well integrated to achieve optimal utilization. The Group also deepens the development of equipment collaboration to transform it into comprehensive medical management services, and sets up service locations in Taiwan, China and Indonesia, in order to have the internal technical team provide real-time technical support from installation and maintenance services to equipment upgrading. The leasing program can also be combined with comprehensive services including departmental planning and construction, management consultation and medical technician training. The soft power of equipment and medical technology collaboration provided by the Group is deeply favored by medical institutions, making suppliers' long-term collaboration with us strongly desirable, as well as more stable and comprehensive partnership with upstream and downstream dealers.

②Unfavorable factors and countermeasures

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

At present, domestic high-end or large-scale medical equipment is still mainly

imported from Europe and the United States. Although the Group and foreign medical equipment manufacturers have signed equipment distribution contracts; however, if there is a change in the distribution rights subsequently, it will affect the Company's operations. Countermeasures are as follows:

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

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

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

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

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

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

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

(C) The Group continues to expand its business scope, developing overseas markets,

and increasing and diversifying business entities in order to reinforce corporate sustainability.

C. Difficulty in engineer recruitment

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

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

2. Intended use and production process of the main products

(1) Intended use of major products

Product name	Intended use
Radiation oncology digital linear accelerator	Linear accelerator produces high-energy radiation for treatment by accelerating high-energy electrons in a vacuum linear accelerating tube, causing electrons to strike the tungsten target, releasing energy to produce high-energy (million volts) therapeutic radiation in order to destroy cancer (tumor) cells. Also, in terms of equipment technology, the linear accelerator used to perform 3D spatial conformal radiotherapy and intensity-modulated radiotherapy. These new radiotherapy technologies aim to increase the therapeutic dose in order to increase tumor control rates. The current popular models on the market can perform the latest image-guided treatments with integrating accelerators, X-ray sources, and instant electronic verification imaging systems. The doctor before operating on the patient will use the X-ray to confirm the tumor position. If necessary, the treatment position can be adjusted, which can effectively prevent the error caused by the patient's posture, increase the treatment accuracy, and reduce the side effects of the treatment.
MRI linear accelerator	The latest model introduced by Elekta combined with MRI and linear accelerator and the real-time nuclear magnetic resonance imaging to locate the patient's treatment position, and accurately identify the location of the tumor by the unique precision of the magnetic resonance imaging to improve treatment accuracy.
Computer treatment planning system	Before radiotherapy, use the device that inputs the computed tomography image of the patient, using a high-performance and high-computation computer, to plan the radiation angle, time, and dose of the radiotherapy, and also to evaluate the relative position of other important organs and their radiation dose.
Intracavitary brachytherapy device	Brachytherapy is to approach the lesion tissues with a sealed Ir-192 radiation source or placed at the therapy target, including interstitial implantation and intracavitary treatment, to achieve the desired radiation over short distances.
Radiotherapy/radiological diagnostic quality confirmation equipment	It refers to the radiological measurement tool and equipment, such as linear accelerator. It is used as a qualitative characteristic adjustment and calibration measurement for periodic radiation equipment in order to ensure radiation exposure quality.

Product name	Intended use
Proton therapy system	Proton therapy system is high-end radiotherapy equipment. Its physical characteristics are that when the proton beam penetrates human tissue, its energy will go up with distance and go down at the end of the range (i.e. where the tumor is located) with Bragg peak generated to give high-dose radiation and kill cancer cells without damaging healthy tissues. Because proton therapy has spread-out Bragg peak (SOBP) characteristics, in addition to reducing the risk of damage to normal tissues during the treatment, the side effects of radiotherapy are minimized.
Leksell gamma knife - stereotactic radiosurgery system	This is a high precision 3D spatial stereotactic head radiosurgery device and is used to perform irradiation on tiny intracranial tumors or vascular lesions. More than one hundred independent beams are applied to irradiate on one single target during the treatment.
Magnetoencephalography (MEG) system	Magnetoencephalography (MEG) equipment is used to examine changes in the brain's magnetic field change during neural activity. MEG records can be used to investigate the individual functions of the brain's sensory cortex, the functional interactions between specific brain regions, and study complex functions such as attention, language, and cognition. It can also be used to explore the resilience and adaptability of specific brain regions, assess specific brain functional regions before and after surgery, and determine the location of epileptic lesions.
Surgical microscopes - neuroscience	Surgical microscopes are specifically intended for use in the operating room, and provide an enlarged field of view during surgery. They allow physicians to accurately view blood vessels, soft tissues, nerves, and lymphatic vessel structures during surgery, and are necessary tools for organ transplant and tissue repair surgery.
Hillrom operating room products	Hillrom offers a series of state-of-the-art operating room equipment and services, including flexible operating tables, innovative exclusive operating room lighting technology, and surgical related consumables. Thanks to its intelligent product line, it can completely improve the workflow in the operating room and related clinical fields, offer optimal solutions to hospitals, and provide an efficient and safe surgical environment for medical staff.
MRI hybrid surgical theatre	The sky track MRI of IMRIS is the only device in the world that can perform multi-functional imaging diagnosis on patients without moving patients. It can confirm the result of surgical treatment in the process; also, it can greatly reduce the risk of infection caused by mobilizing patients and save time. If there is not a surgery scheduled, general routine angiography can be performed to greatly improve the utilization of equipment and to maximize the value of the equipment.
NUCLeUS	Sony’s NUCLeUS can integrate images from different brands of medical equipment in the operating room, provide healthcare professionals with a single operating interface, and improve the efficiency of healthcare data management and workflow. This system can also share images to the hospital’s intranet system and provide live surgery for a two-way interaction between the operating room and the conference room.
Surgical sutures	Crownjun’s surgical sutures can greatly assist the suturing blood vessels. Crownjun has also successfully developed the world’s finest microsurgical suture, which can be used to suture tiny blood vessels, lymphatic vessels and nerves in microsurgery, allowing tighter junctions between tissues or blood vessels. This suture can not only increase the surgical success rate, but also greatly enhance surgeons' surgical proficiency.
Stereotactic navigation system	This system is used for minimally invasive treatment of cancerous tumors in the liver, lungs, kidneys, pancreas and bones, and can provide clear

Product name	Intended use
	images and navigation during ablation surgery. Its image fusion function makes treatment plans more precise, and provides quality control directly after ablation; it can reduce the number of local recurrences, and allows shorter postoperative hospital stays and faster recovery compared with conventional surgery.
Hybrid assistive limb	The HAL® (Hybrid Assistive Limb) developed by Cyberdyne is the world's first semi-robotic limb, which can improve, support and enhance the wearer's physical functions, assist the disabled to move, and enable them to achieve greater mobility. It is also believe promote motor learning in the brain. Many medical studies published abroad indicate that HAL® can assist functional regeneration in patients with spinal cord injuries, stroke, and other neuromuscular disorders.
Digital X-ray imaginary diagnostic systems	Digital X-ray is a technology employing digitized X-ray images. It can project X-ray images directly onto a digital sensor panel, instantly digitize the images, and then display real-time, high-resolution images on a computer screen. The resulting images will not be distorted by the development process. This is a basic medical equipment item needed by all medical institutions.
Excimer laser system	Excimer refractive myopia laser platforms provide a safer and faster treatment model. Combining two advanced technologies including static iris recognition and dynamic iris recognition, an excimer platform can be used to accurately cut corneal tissue and reduce the number of diopters (in cases of myopia, hyperopia, astigmatism), so that patients can reduce or eliminate their dependence on glasses or contact lenses, or meet their professional or sports needs.
Femtosecond laser system	Femtosecond laser lens refraction surgery uses a laser light source that can generate femtosecond lasers, uses synchronous computer tomography and 3D real-time images to help ophthalmologists plan personalized crystal surgery procedures, compared to traditional cataract surgery, combined with femtosecond laser high-tech cataract pre-surgery, can improve the accuracy and predictability of vision correction.
Surgical microscopes - ophthalmology	The Leica operating microscope designed for ophthalmic microsurgery has low illumination, high light transmittance, long depth of field, strong red reflection, and clear and undistorted view. Surgical microscopes are used in cataract surgery, anterior chamber surgery, and cornea and glaucoma surgery.
Artificial intraocular lens	Artificial intraocular lens is made of PMMA, silicone or acrylic to synthesize artificial lens with refractive properties according to the refractive characteristics of the lens in the human eye. The refractive focus function of the turbid lens helps the image projection to focus on the retina in order to restore the patient's vision.
Artificial vitreous	It is applicable to the anterior and posterior segment of ophthalmology, including intracapsular/extracapsular cataract extraction, intraocular lens implantation, corneal transplantation, glaucoma filtering surgery and retinal reposition surgery, etc. It is used as a substitute for glass body in the two operations, namely pars plana vitrectomy and retinal detachment surgery. Based on its characteristics of lubrication, viscoelasticity, transparency, and protection of corneal endothelial cells, this product helps reduce the interaction between corneal endothelial cells and tissues, maintain the depth of the anterior chamber of the eyeball and the visibility during surgery, and can be performed before implanting the artificial vitreous, by covering it with the lens of the inner eye and the surface of the tip of the surgical instrument to avoid possible trauma caused by the surgical instrument.

Product name	Intended use
Vuno artificial intelligence (AI) medical solutions	Vuno's five AI medical solutions can be used for various kinds of medical image analysis and assist in the diagnosis of diseases. Vuno Med®-Chest X-ray™ can automatically analyze chest X-ray images, and uses an AI algorithm to perform identification. It can assist physicians in image interpretation. Vuno Med®-BoneAge™ is used for bone age assessment in school-age children, and employs an AI system to report and predict the situation. It can shorten diagnosis time, and can help guide treatment of children's metabolic diseases. Vuno Med®-DeepBrain™ uses MRI images of the brain to perform quantitative analysis of the development of various brain areas. It can analyze and quickly produce reports on neurodegenerative diseases and other diseases of the nervous system. Vuno Med®-Fundus AI™ is an AI screening solution using photographic images of the fundus to interpret various kinds of abnormalities. Vuno Med®-LungCT AI™ is a detection and notification system using AI to perform CT imaging of nodules in the lungs.

(2) Production process of major products

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

3. Supply of main raw materials

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

4. List of major customers and suppliers

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

Unit: NT$ thousands

	2020				2021				Until Q1 2022			
Item	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase up to the last quarter of the year (%)	Relationship with the issuer
1	甲	196,795	24.88	None	甲	233,547	30.07	None	甲	64,828	20.71	None
2	戊	84,473	10.68	None	戊	80,391	10.35	None	戊	18,226	5.82	None
	Others	509,710	64.44		Others	462,671	59.58		Others	230,035	73.47	
	Net purchase amount	790,978	100.00		Net purchase amount	776,609	100.00		Net purchase amount	313,089	100.00	

Analysis of increase and decrease:

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

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

Unit: NT$ thousands

	2020				2021				Until Q1 2022			
Item	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the last quarter of the year (%)	Relationship with the issuer
1	B	335,488	13.13	None	B	75,335	3.09	None	B	6,320	1.04	None
	Others	2,219,423	86.87		Others	2,364,229	96.91		Others	599,865	98.96	
	Net sales amount	2,554,911	100.00		Net sales amount	2,439,564	100.00		Net sales amount	606,185	100.00	

Analysis of increase and decrease:

The Group's sales revenue is mainly from the radiation oncology instruments. The sales price of radiation oncology equipment is high and its service life is long, so it is difficult to concentrate on the same customer. Customer B received high-end radiation oncology equipment in 2020, which led to a substantial increase in related revenues.

5. Production value of the last two years

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

6. Sales value and volume in the last two years

Unit: Piece, set: NT$ thousands

Year / Sales QTY & value / Major products (or by department)	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Sales of equipment for radiation oncology and neurology	18	900,018	2	15,398	14	600,961	0	11,725
Other sales	34,413	170,195	50	387	35,070	173,635	0	0
Sales of medicines and health supplements	20,312,029	159,761	0	0	23,600,968	272,230	0	0
Rental revenue	44	1,032,818	3	34,838	45	1,009,240	4	38,517
Service revenue	0	225,708	0	15,788	0	312,911	0	8,106
Other operating revenues	0	0	0	0	23	12,239	0	0
Total	20,346,504	2,488,500	55	66,411	23,636,120	2,381,216	4	58,348

Analysis of changes：The sales of equipment for radiation oncology and neurology decrease due to the decrease in the units of high-priced instruments sold in 2021; the increase in other sales is mainly due to the growth of sales of ophthalmic products in 2021; the increase in the sales of medicines and health supplements is chiefly due to synergy from a 2021 corporate merger; the reduced amount of rental revenue is chiefly due to the influence of the Covid-19 pandemic in 2021; the increase in service revenue is chiefly due to assistance to foreign manufacturers in applying for product licenses in 2021; the increase in other operating revenue is chiefly due to synergy from a 2021 corporate merger.

III. Human Resources

(I) The Company

Unit: Number of persons

Year		2020	2021	Until March 31 of the year
No. of employees	Management	17	16	16
	Marketing personnel (including sales and technology)	0	0	0
	General staff	36	34	34
	Total	53	50	50
Average age		39.5	41.0	41.3
Average service years		7.12	8.33	8.58
Education distribution ratio (%)	Ph.D.	0.00	0.00	0.00
	Master	22.64	24.00	24.00
	University and college	64.15	62.00	62.00
	High school	13.21	14.00	14.00
	Below high school	0.00	0.00	0.00

(II) The Group

Unit: Number of persons

Year		2020	2021	Until March 31 of the year
No. of employees	Management	35	37	37
	Marketing personnel (including sales and technology)	107	104	102
	General staff	69	71	94
	Total	211	212	233
Average age		37.0	38.2	38.0
Average service years		6.9	7.7	7.4
Education distribution ratio (%)	Ph.D.	0.47	0.47	0.43
	Master	15.64	16.04	15.45
	University and college	73.46	73.58	72.96
	High school	10.43	9.91	11.16
	Below high school	0.00	0.00	0.00

IV. Environmental Protection Expenditure

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

None.

V. Labor Relations

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

1. Employee welfare measures

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

(1) Salary system

The Company has recruited talents and motivated employees with a fair and competitive compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results through the performance evaluation method developed by the Group. The Group's open and transparent promotion mechanisms provide greater responsibilities and better compensation and bonuses to employees with better performance, and help drive the development of the organization. The Company further provides equal rewards for the same work and equal promotion opportunities to men and women, and seeks to promote sustainable and inclusive economic growth. In 2021, female managers accounted for 6.1% of managerial positions, and the average proportion of female employees was 41.5%.

In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance / year-end bonuses released to individual employees in 2021 were equivalent to 3 months of

salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company.

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

② Annual employee remuneration distribution: After being resolved by the Board of Directors and reported in the shareholders meeting, it is distributed to the employees of the Company. The remuneration distribution is handled according to the Company's "Rules Governing the Distribution of Remuneration to Employees."

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

(2) Merciful employee welfare system

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

② Three festivals gift money

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

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

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

⑥ Employee Welfare Committee: The "CHC Healthcare Group Employee Welfare Committee" is established in accordance with the law to actively promote various employee welfare measures, including funeral subsidies, medical subsidies, marriage subsidies, travel subsidies, birthday gifts, maternity benefits, advanced study subsidies, and cultural and recreational activities subsidies.

2. Education and training

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

(1) Education and training

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

procedures of the company.

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

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

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

(2) Application for and issuance of various professional licenses

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

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

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

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

(3) Advanced study and training of employees

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

Due to the outbreak of COVID-19, we canceled the annual external large-scale manager training and topical training in 2021. In spite of this, we plan to maintain our past training program, which seeks to strengthen employees' work skills. In addition, we conduct an annual training needs survey in Q4 of each year. Furthermore, we conduct functional training, product training, special-topic talks, and various kinds of seminars in accordance with the annual education and training plans proposed by departmental managers. At the same time, all employees may use the self-learning channels provided by our online learning platform to improve their professional skills.

3. Retirement system and its implementation

(1) For the work seniority before and after being subject to the “Labor Standards Act,” the pensions shall be calculated according to the pension standard as stipulated in Articles 84-2 and Article 55 of the Labor Standards Act.

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

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

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

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

measures

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

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

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

VI. Cybersecurity management

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

1. Information security risk management framework

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

2. Cybersecurity policy

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

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

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

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

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

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

(7) The Company shall install monitoring and measurement computer software applicable to medical equipment quality management systems, production, and services, before use of computer software, or after use in accordance with the actual situation, or after software changes, use of validation or authentication to determine ability to achieve the planned results. The Company adopted the Taiwan medical equipment quality management system (QMS) during 2022.

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

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

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

(1) Information security network architecture

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

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

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

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

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

(3) Information system preservation and backup

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

(4) Handling method for servers reported as unserviceable

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

4. Resources devoted to cybersecurity management

(1) Addition/revision of cybersecurity-related procedures

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

(2) Cybersecurity awareness

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

(3) Assessment of information security equipment

Information security testing reports.

(4) Purchase of additional off-site backup equipment

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

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

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

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

(I) The Company: None.

(II) The Group:

Nature of contract	Parties	Beginning and ending date of the contract	Major content	Restrictive clauses
Purchase and distribution rights	C-RAD AB (Chiu Ho Medical System Co., Ltd.)	2010/10/13 ~ no expiry date	Laser products	Sales in Taiwan area only
Purchase and distribution rights	Leica Microsystems IR Gmbh (Chiu Ho Medical System Co., Ltd.)	2012/04/01~ 2022/01/01	Surgical microscope series	Sales in Taiwan area only
Purchase and distribution rights	Leica Microsystems IR Gmbh (Chiu Ho Medical System Co., Ltd.)	2022/01/01 ~ 2024/12/31	Surgical microscope series	Sales in Taiwan area only
Purchase and distribution rights	Elekta Limited (Chiu Ho Medical System Co., Ltd.)	2019/03/08 ~ 2024/04/30	Digital Linear Accelerator and Gamma Knife Series Related Equipment	Sales in Taiwan area only
Purchase and distribution rights	PTW-Freiburg (Chiu Ho Medical System Co., Ltd.)	1996/10/08 ~ no expiry date	Quality assurance related equipment and products	Sales in Taiwan area only
Purchase and distribution rights	CYBERDYNE (Chiu Ho Medical System Co., Ltd.)	2019/11/01 ~ 2022/10/31	Mechanical walker, powered exoskeleton system	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Scientific Co., Ltd.)	2019/03/15 ~ 2022/03/14	Surgical headlights, otoscopes, ophthalmic surgical instruments	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Medical System Co., Ltd.)	2019/03/15 ~ 2022/03/14	Operating table, surgical lamp, and accessories	Sales in Taiwan area only
Purchase and distribution rights	Ecolab (Chiu Ho Medical System Co., Ltd.)	2019/03/01 ~ no expiry date	Disinfection sleeve series	Sales in Taiwan area only
Purchase and distribution rights	Swissray Medical AG (Chiu Ho Medical System Co., Ltd.)	2012/02/02 ~ no expiry date	Digital X-ray machine	Sales in Taiwan, China, Hong Kong, and Macao area only
Purchase and distribution rights	Ion Beam Application SA (Chiu Ho Medical System Co., Ltd.)	2012/10/09 ~ no expiry date	Proton therapy equipment	Sales in Taiwan area only
Purchase and distribution rights	Stryker Far East Inc., Taiwan Branch (Chiu Ho Medical System Co., Ltd.)	2021/01/01 ~ 2022/4/30	Intraoperative real-time fluorescent angiography system	Sales in Taiwan area only
Purchase and distribution rights	Bausch & Lomb HK (Chiu Ho Scientific Co., Ltd)	2017/01/01 ~ no expiry date	Femtosecond Laser System	Sales in Taiwan area only

Nature of contract	Parties	Beginning and ending date of the contract	Major content	Restrictive clauses
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Tomorrow Medical System Co., Ltd.)	2013/04/01 ~ no expiry date ate	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	GE Medical Systems Taiwan Ltd.(Tomorrow Medical System Co., Ltd.)	2021/01/01 ~ 2021/12/31	CT-RT	Sales in some hospital system in Taiwan area only
Purchase and distribution rights	GE Medical Systems Taiwan Ltd.(Tomorrow Medical System Co., Ltd.)	2022/01/01 ~ 2022/12/31	CT-RT	Sales in some hospital systems in Taiwan area only
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Chiu Ho Scientific Co., Ltd.)	2017/08/17 ~ no expiry date	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	PhysIOL (Chiu Ho Medical System Co., Ltd.)	2015/01/01 ~ no expiry date	Intraocular lens and introducer	Sales in Taiwan area only
Purchase and distribution rights	Deerfield Imaging, Inc. (Chiu Ho Medical System Co., Ltd.)	2018/04/05 ~ no expiry date	Intraoperative imaging system	Sales in Taiwan area only
Purchase and distribution rights	YUEH SHENG Medical Instrument (Shenzhen) Ltd.	2018/05/18 ~ 2023/12/31	Electrical surgical pencil	Sales in China area only
Purchase and distribution rights	KONO SEISAKUSHO Co.,Ltd (Chiu Ho Medical System Co., Ltd.)	2018/09/25 ~ 2022/09/24	Surgical suture	Sales in Taiwan area only
Purchase and distribution rights	CAScination AG (Chiu Ho Medical System Co., Ltd.)	2018/11/28 ~ 2022/05/27	Interventional ablation navigation system	Sales in Taiwan area only
Purchase and distribution rights	ADVANTECH Co., Ltd. (Chiu Ho Medical System Co., Ltd.)	2020/09/01 ~ 2022/12/31	Surgical screen, nursing cart, and image streaming system	Sales in Taiwan area only
Purchase and distribution rights	LEO Cancer Care Inc. (Chiu Ho Medical System Co., Ltd.)	2021/11/01 ~ 2024/10/31	Radiation Therapy Products	Sales in Taiwan area only
Purchase and distribution rights	QUANTEL MEDICAL S.A.S (Chiu Ho Scientific Co., Ltd.)	2021/07/26 ~ no expiry date	Ophthalmic Ultrasound products	Sales in Taiwan area only
Sales contract	Changhua Christian Medical Foundation Changhua Christian Hospital	2016/05/18 ~ inspection and acceptance completed	Proton therapy system	To be processed according to the contract signed
Equipment use and technical service cooperation	Taipei Medical University Hospital	2017/01/20 ~ expiry date of the cooperation agreement	Proton therapy related equipment use and technical service cooperation	To be processed according to the contract signed
Syndicated credit contract	The syndicate credit bank group organized by the First Bank, CTBC Bank, etc.	Contract signing date: 2018/11/07 (The credit period is for 5 years from the date of the first-time use of any sub-credit line)	Repayment for the existing financial liabilities and the establishment of the Proton Therapy Center of the Taipei Medical University Hospital and the procurement of one set of Proton Therapy System (including repayment of transitional financing)	To be processed according to the contract signed

Six. Financial Information

I. Five-Year Financial Summary

(I) The Group

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years					Financial data as of March 31 of the year
		2017	2018	2019	2020	2021	
Current assets		3,041,583	3,204,585	3,509,528	3,485,229	3,783,844	3,739,727
Property, plant, and equipment		4,609,262	4,752,936	4,691,417	5,382,011	5,428,602	5,428,330
Intangible assets		161,746	161,746	159,151	159,151	631,278	625,998
Other assets		1,523,449	1,467,681	1,276,573	645,186	782,666	793,166
Total assets		10,592,963	10,847,735	11,205,325	11,543,821	12,567,281	12,467,484
Current liabilities	Before distribution	1,803,512	1,353,032	3,049,091	1,053,386	1,486,217	1,536,569
	After distribution	1,957,417	1,603,077	3,330,358	1,367,034	1,810,096 (Note 2)	1,536,569 (Note 2)
Non-current liabilities		3,875,014	4,361,184	2,838,895	4,490,434	4,767,207	4,852,714
Total liabilities	Before distribution	5,678,526	5,714,216	5,887,986	5,543,820	6,253,424	6,389,283
	After distribution	5,832,431	5,964,261	6,169,253	5,857,468	6,577,303 (Note 2)	6,389,283 (Note 2)
Equity attributable to shareholders of the parent		4,913,368	4,972,363	5,162,144	5,847,437	6,084,521	5,833,900
Share capital		1,399,136	1,399,136	1,416,335	1,570,439	1,610,536	1,610,841
Capital surplus		2,927,016	2,930,253	2,981,939	3,427,278	3,533,299	3,534,196
Retained earnings	Before distribution	620,427	1,041,551	1,186,678	1,271,800	1,336,393	1,072,718
	After distribution	466,522	791,506	905,411	958,152	1,012,514 (Note 2)	1,072,718 (Note 2)
Other equity		(33,211)	(363,621)	(387,852)	(387,124)	(395,707)	(383,855)
Treasury shares		—	(34,956)	(34,956)	(34,956)	—	—
Non-controlling interest		1,069	161,156	155,195	152,564	229,336	244,301
Total equity	Before distribution	4,914,437	5,133,519	5,317,339	6,000,001	6,313,857	6,078,201
	After distribution	4,760,532	4,883,474	5,036,072	5,686,353	5,989,978 (Note 2)	6,078,201 (Note 2)

Note 1: The above financial data are audited or reviewed by a certified public accountant.
Note 2: The distribution of 2021 earnings has been resolved by the Board of Directors.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years					Financial data as of March 31 of the year
	2017	2018	2019	2020	2021	
Operating revenue	2,117,116	2,507,466	2,950,052	2,554,911	2,439,564	606,185
Gross profits	688,653	730,786	806,002	830,710	849,481	207,142
Operating profit	352,875	459,981	529,571	513,106	493,328	99,237
Non-operating income and expense	(378,951)	(91,812)	(52,978)	(49,110)	(2,259)	3,742
Profit (loss) before income tax	(26,076)	368,169	476,593	463,996	491,069	102,979
Profit (loss) of the continuing department	(89,286)	317,829	390,431	362,912	380,282	75,001
Loss of discontinued department	—	—	—	—	—	—
Profit (loss) for the year	(89,286)	317,829	390,431	362,912	380,282	75,001
Other comprehensive income (after tax) for the year	138,784	(53,085)	(25,451)	1,574	(9,370)	12,020
Total comprehensive income for the year	49,498	264,744	364,980	364,486	370,912	87,021
Profit (loss) attributable to owners of the parent	(86,695)	323,422	395,172	366,389	381,633	60,204
Profit (loss) attributable to non-controlling interest	(2,591)	(5,593)	(4,741)	(3,477)	(1,351)	14,797
Comprehensive income attributable to shareholders' of the parent	52,089	270,337	370,941	367,117	373,050	72,056
Comprehensive income attributable to non-controlling interest	(2,591)	(5,593)	(5,961)	(2,631)	(2,138)	14,965
Earnings per share	(0.62)	2.32	2.83	2.53	2.43	0.37

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

(II) The Company

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years				
		2017	2018	2019	2020	2021
Current assets		708,120	657,925	629,325	703,460	524,925
Property, plant, and equipment		2,996	1,832	975	601	705
Intangible assets		—	—	—	—	—
Other assets		57,886	108,007	70,262	68,144	66,749
Total assets		7,183,203	7,793,090	7,784,428	8,845,691	9,124,557
Current liabilities	Before distribution	509,517	202,958	1,253,550	274,631	456,932
	After distribution	663,422	453,003	1,534,817	588,279	780,811 (Note 2)
Non-current liabilities		1,760,318	2,617,769	1,368,734	2,723,623	2,583,104
Total liabilities	Before distribution	2,269,835	2,820,727	2,622,284	2,998,254	3,040,036
	After distribution	2,423,740	3,070,772	2,903,551	3,311,902	3,363,915 (Note 2)
Equity attributable to shareholders of the parent		4,913,368	4,972,363	5,162,144	5,847,437	6,084,521
Share capital		1,399,136	1,399,136	1,416,335	1,570,439	1,610,536
Capital surplus		2,927,016	2,930,253	2,981,939	3,427,278	3,533,299
Retained earnings	Before distribution	620,427	1,041,551	1,186,678	1,271,800	1,336,393
	After distribution	466,522	791,506	905,411	958,152	1,012,514 (Note 2)
Other equity		(33,211)	(363,621)	(387,852)	(387,124)	(395,707)
Treasury shares		—	(34,956)	(34,956)	(34,956)	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	4,913,368	4,972,363	5,162,144	5,847,437	6,084,521
	After distribution	4,759,463	4,722,318	4,880,877	5,533,789	5,760,642 (Note 2)

Note 1: The above financial data are audited by a certified public accountant.
Note 2: The distribution of 2021 earnings has been resolved by the Board of Directors.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	326,640	435,545	503,625	500,575	544,496
Gross profits	236,931	333,770	404,452	391,546	428,484
Operating profit	236,931	333,770	404,452	391,546	428,484
Non-operating income and expense	(323,593)	(59,671)	(21,838)	(22,028)	(45,398)
Profit (loss) before income tax	(86,662)	274,099	382,614	369,518	383,086
Profit (loss) of the continuing department	(86,695)	323,422	395,172	366,389	381,633
Loss of discontinued department	—	—	—	—	—
Profit (loss) for the year	(86,695)	323,422	395,172	366,389	381,633
Other comprehensive income (after tax) for the year	138,784	(53,085)	(24,231)	728	(8,583)
Total comprehensive income for the year	52,089	270,337	370,941	367,117	373,050
Profit (loss) attributable to owners of the parent	—	—	—	—	—
Profit (loss) attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to shareholders' of the parent	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	(0.62)	2.32	2.83	2.53	2.43

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

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

Year	CPA Firm	CPAs	Audit Opinions
2017	PricewaterhouseCoopers (PwC) Taiwan	Sheng-Wei Teng and Hsiao-Tzu Chou	Unqualified opinions
2018	PricewaterhouseCoopers (PwC) Taiwan	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2019	PricewaterhouseCoopers (PwC) Taiwan	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2020	PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen and Pei-Lin Tu	Unqualified opinions
2021	PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen and Pei-Lin Tu	Unqualified opinions

II. Five-Year Financial Analysis

Consolidation

Analysis item \ Year		Financial analysis of the last five years					As of March 31 of the year
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt ratio	53.61	52.68	52.55	48.02	49.76	51.25
	Ratio of long-term capital to property, plant, and equipment	190.69	199.77	173.85	194.92	204.12	201.37
Solvency (%)	Current ratio	168.65	236.84	115.10	330.86	254.60	243.38
	Quick ratio	133.22	166.66	88.78	259.92	196.13	179.40
	Interest earned ratio (times)	69.38	478.63	602.23	596.57	705.98	581.14
Operating performance	Account receivable turnover (times)	2.26	2.50	2.74	2.38	2.40	2.47
	Average collection period	161	146	133	153	152	148
	Inventory turnover (times)	2.05	2.12	2.59	2.22	2.17	1.90
	Account payable turnover (times)	8.52	9.77	9.76	9.14	8.66	7.59
	Average days in sales	178	172	140	164	168	192
	Property, plant, and equipment turnover (times)	0.45	0.54	0.62	0.51	0.45	0.45
	Total assets turnover (times)	0.21	0.23	0.27	0.22	0.20	0.19
Profitability	Return on total assets (%)	(0.18)	3.69	4.23	3.85	3.69	2.94
	Return on shareholders' equity (%)	(1.81)	6.33	7.47	6.41	6.18	4.84
	Pre-tax income to paid-in capital (%)	(1.86)	26.31	33.65	29.55	30.49	25.57
	Profit ratio (%)	(4.22)	12.68	13.23	14.20	15.59	12.37
	Earnings per share (NT$)	(0.62)	2.32	2.83	2.53	2.43	0.37
Cash flows	Cash flow ratio (%)	16.29	24.98	39.85	86.96	46.61	46.18
	Cash flow adequacy ratio (%)	90.76	77.35	110.83	104.60	94.81	97.29
	Cash reinvestment ratio (%)	1.50	1.68	10.05	5.28	3.04	5.70
Leverage	Operational leverage	2.87	2.48	2.26	2.41	2.51	3.03
	Financial leverage	1.32	1.27	1.22	1.22	1.20	1.27

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:
(1) Decrease in the current ratio, chiefly due to the increase in the 2021 current liabilities.
(2) Decrease in the quick ratio, chiefly due to the increase in the 2021 current liabilities.
(3) Decrease in the cash flow ratio, chiefly due to increase in the 2021 current liabilities.
(4) Reduction in the cash reinvestment ratio, chiefly due to decrease in the 2021 net cash flow from operating activities.

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

Standalone

Analysis item \ Year		Financial analysis of the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt ratio	31.60	36.20	33.69	33.90	33.32
	Ratio of long-term capital to property, plant, and equipment	222,753.20	414,308.52	669,833.64	1,426,133.11	1,229,450.35
Solvency (%)	Current ratio	138.98	324.17	50.20	256.15	114.88
	Quick ratio	138.15	320.96	49.79	253.35	113.40
	Interest earned ratio (times)	(118.61)	749.71	860.24	771.27	883.55
Operating performance	Account receivable turnover (times)	62.98	49.82	67.66	—	1,336.50
	Average collection period	5	7	5	—	0.273
	Inventory turnover (times)	—	—	—	—	—
	Account payable turnover (times)	—	—	—	—	—
	Average days in sales	—	—	—	—	—
	Property, plant, and equipment turnover (times)	94.58	180.42	358.84	635.25	833.84
	Total assets turnover (times)	0.05	0.06	0.06	0.06	0.06
Profitability	Return on total assets (%)	(0.77)	4.77	5.59	4.94	4.68
	Return on shareholders' equity (%)	(1.75)	6.54	7.80	6.66	6.40
	Pre-tax income to paid-in capital (%)	(6.19)	19.59	27.01	23.53	23.79
	Profit ratio (%)	(26.54)	74.26	78.47	73.19	70.09
	Earnings per share (NT$)	(0.62)	2.32	2.83	2.53	2.43
Cash flows	Cash flow ratio (%)	31.26	(43.91)	19.49	90.32	54.04
	Cash flow adequacy ratio (%)	20.23	18.46	16.66	27.82	37.83
	Cash reinvestment ratio (%)	0.28	(3.20)	(0.09)	(0.39)	(0.77)
Leverage	Operational leverage	1.28	1.23	1.19	1.24	1.23
	Financial leverage	1.20	1.14	1.14	1.16	1.13

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:
(1) Decrease in the current ratio, chiefly due to the increase in the 2021 current liabilities.
(2) Decrease in the quick ratio, chiefly due to the increase in the 2021 current liabilities.
(3) Increase in the account receivable turnover, chiefly due to operating revenue growth in 2021.
(4) Increase in the average collection period, chiefly due to operating revenue growth in 2021.
(5) Increase in the property, plant and equipment turnover, chiefly due to operating revenue growth in 2021.
(6) Decrease in the cash flow ratio, chiefly due to increase in the 2021 current liabilities.
(7) Increase in the cash flow adequacy ratio, chiefly due to a reduction in cumulative capital expenditures in the last five years.
(8) Decrease in the cash reinvestment ratio, chiefly due to the increase in cash dividends in 2021.

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

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

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

CHC Healthcare Group

Audit Committee's Review Report

The Company's Board of Directors has prepared and presented the 2021 consolidated and standalone financial statements that were audited by Yu-Fang Yen, CPA and Pei-Lin Tu, CPA of PricewaterhouseCoopers (PwC) with an independent auditor's report issued concluding that the Company's financial status, operating performance, and cash flow were presented fairly; also, the said financial statements together with the business report and earnings distribution proposal were reviewed by the Audit Committee members and concluded to be complying with the relevant law and regulations. The Review Report of the Audit Committee is prepared and presented in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours Faithfully,
2021 Annual Shareholders' Meeting

CHC Healthcare Group

Convener of Audit Committee: Gui-Duan Chen

March 23, 2022

IV. Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

Please refer to pages 140 ~ 237.

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

Please refer to pages 238 ~ 301.

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

None.

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

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

(I) The Company

Unit: NT$ thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	703,460	524,925	(178,535)	(25.38)
Financial assets at fair value through profit and loss – non-current	600	0	(600)	(100.00)
Financial assets at fair value through other comprehensive profit and loss – non-current	16,740	12,406	(4,334)	(25.89)
Investment accounted for using equity method	8,039,186	8,509,830	470,644	5.85
Property, plant, and equipment	601	705	104	17.30
Right-of-use assets	16,960	9,942	(7,018)	(41.38)
Other assets	68,144	66,749	(1,395)	(2.05)
Total assets	8,845,691	9,124,557	278,866	3.15
Current liabilities	274,631	456,932	182,301	66.38
Non-current liabilities	2,723,623	2,583,104	(140,519)	(5.16)
Total liabilities	2,998,254	3,040,036	41,782	1.39
Share capital	1,570,439	1,610,536	40,097	2.55
Capital surplus	3,427,278	3,533,299	106,021	3.09
Retained earnings	1,271,800	1,336,393	64,593	5.08
Other equity	(387,124)	(395,707)	(8,583)	2.22
Treasury shares	(34,956)	0	34,956	(100.00)
Total equity	5,847,437	6,084,521	237,084	4.05
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year) Current assets: chiefly due to decrease in the other receivables due from related parties in the current period. Current liabilities: chiefly due to increase in the short-term borrowings in the current period. Impact of changes in financial status in the last two years: No significant impact on financial status. Future response plan: Not applicable.				

(II) The Group

Unit: NT$ thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	3,485,229	3,783,844	298,615	8.57
Financial assets at fair value through profit and loss – non-current	600	59,960	59,360	9,893.33
Financial assets at fair value through other comprehensive profit and loss – non-current	35,781	31,447	(4,334)	(12.11)
Financial assets at amortized cost – non-current	240,885	208,180	(32,705)	(13.58)
Non-current contract assets	58,371	49,762	(8,609)	(14.75)

Item \ Year	2020	2021	Difference	
			Amount	%
Investment accounted for using equity method	0	8,641	8,641	100
Property, plant, and equipment	5,382,011	5,428,602	46,591	0.87
Right-of-use assets	73,452	77,444	3,992	5.43
Investment property - net	1,463,155	1,505,457	42,302	2.89
Intangible assets	159,151	631,278	472,127	296.65
Other assets	645,186	782,666	137,480	21.31
Total assets	11,543,821	12,567,281	1,023,460	8.87
Current liabilities	1,053,386	1,486,217	432,831	41.09
Non-current liabilities	4,490,434	4,767,207	276,773	6.16
Total liabilities	5,543,820	6,253,424	709,604	12.80
Share capital	1,570,439	1,610,536	40,097	2.55
Capital surplus	3,427,278	3,533,299	106,021	3.09
Retained earnings	1,271,800	1,336,393	64,593	5.08
Other equity	(387,124)	(395,707)	(8,583)	2.22
Treasury shares	(34,956)	0	34,956	(100.00)
Non-controlling interest	152,564	229,336	76,772	50.32
Total equity	6,000,001	6,313,857	313,856	5.23
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year) Intangible assets: chiefly due to intangible assets generated by M&As in the current period. Other assets: chiefly due to increase in prepayments for equipment in the current period. Current liabilities: chiefly due to increase in the short-term borrowings in the current period. Total liabilities: chiefly due to increase in the long- and short-term borrowings in the current period. Impact of changes in financial status in the last two years: No significant impact on financial status. Future response plan: Not applicable.				

II. Analysis of Operation Results

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

1. The Company

Unit: NT$ thousands

Item \ Year	2020	2021	Increase/Decrease	
			Amount	Percentage of change(%)
Operating revenue	500,575	544,496	43,921	8.77
Operating cost	(109,029)	(116,012)	(6,983)	6.40
Gross profits	391,546	428,484	36,938	9.43
Non-operating income and expense	(22,028)	(45,398)	(23,370)	106.09
Profit (loss) before income tax	369,518	383,086	13,568	3.67
Income tax profit (expense)	(3,129)	(1,453)	1,676	(53.56)
Profit (loss) for the year	366,389	381,633	15,244	4.16
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year No amount changes by more than 10%, and amount reaching 1% of the total assets takes place in the current year.				

2. The Group

Unit: NT$ thousands

Item \ Year	2020	2021	Increase/Decrease	
			Amount	Percentage of change (%)
Operating revenue	2,554,911	2,439,564	(115,347)	(4.51)
Operating cost	(1,724,201)	(1,590,083)	134,118	(7.78)
Gross profits	830,710	849,481	18,771	2.26
Operating expense	(317,604)	(356,153)	(38,549)	12.14
Operating profit	513,106	493,328	(19,778)	(3.85)
Non-operating income and expense	(49,110)	(2,259)	46,851	(95.40)
Profit (loss) before income tax	463,996	491,069	27,073	5.83
Income tax expense	(101,084)	(110,787)	(9,703)	9.60
Profit (loss) attributable to owners of the parent	366,389	381,633	15,244	4.16
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year No amount changes by more than 10%, and amount reaching 1% of the total assets takes place in the current year.				

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

1. The Company：Not applicable

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

III. Analysis of Cash Flow

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

1. The Company

Unit: NT$ thousands

Item \ Year	2020	2021	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	248,052	246,929	(1,123)	(0.45)
Investing activities	(962,589)	(10,738)	951,851	(98.88)
Financing activities	652,092	(110,137)	(762,229)	(116.89)
Analysis of changes: Investment activities: chiefly due to the reduction in payment for cash capital increases in subsidiaries in the current period. Financing activities: chiefly due to the issuance of the 4th domestic secured convertible corporate bonds in the previous period, but no issuance of such bonds in the current period.				

2. The Group

Unit: NT$ thousands

Item \ Year	2020	2021	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	916,028	692,795	(223,233)	(24.37)
Investing activities	(731,625)	(990,353)	(258,728)	35.36
Financing activities	(51,316)	415,058	466,374	(908.83)
Analysis of changes: Operating activities: chiefly due to the reduction in contract liabilities and increase in income tax payments in the current period. Investment activities: chiefly due to the acquisition of subsidiaries due to M&As in the current period. Financing activities: chiefly due to increase in the long- and short-term borrowings and proceeds from issuance of shares in the current period.				

(II) Improvement plan for insufficient liquidity

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

(III) Cash liquidity analysis of next year (2022)

The Company

Unit: NT$ thousands

Cash balance – beginning (1)	Expected annual cash flow from operating activity (net) (2)	Estimated annual cash inflow (outflow) (3)	Cash surplus (insufficient) amount (1)+(2)+(3)	Remedy for insufficient cash	
				Investment Plan	Financial plan
271,845	236,325	(289,678)	218,492	Not applicable	Not applicable

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

IV. Major Capital Expenditure Items

(I) The Company

None.

(II) The Group

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

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

December 31,2021 Unit: NT$ thousands

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2021	Main reason for profit or loss	Improvement plan	Future investment plans
Chiu Ho Medical System Co., Ltd.	4,409,733	Medical instrument sales, leasing, and service	186,063	The company is with good performance.	N/A	N/A
Tomorrow Medical System Co., Ltd.	821,673	Medical instrument sales, leasing, and service	42,208	The company is with good performance.	N/A	N/A
Chiu Ho Scientific Co., Ltd.	186,712	Ophthalmic equipment sales, leasing, and service	58,802	The company is with good performance.	N/A	N/A
Hua Lin Instruments Co., Ltd.	519,995	Medical instrument leasing	39,393	The company is with good performance.	N/A	N/A
Shin-Ho Instruments Co., Ltd.	209,029	Medical instrument leasing	(6,023)	Losses caused by the completion of the Company's cooperation.	Transformation to the development of new businesses	Development of new businesses

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2021	Main reason for profit or loss	Improvement plan	Future investment plans
Hsin Lin Biotech Co., Ltd.	86,234	Medical instrument leasing	4,035	The company is with good performance.	N/A	N/A
E Century Health Care Corporation	792,125	Medical instrument leasing	53,026	The company is with good performance.	N/A	N/A
Tong-Lin Instruments Co., Ltd.	478,958	Medical instrument leasing	33,148	The company is with good performance.	N/A	N/A
Chiu Ho Biotech Co., Ltd.	276,764	Medical instrument leasing	6,805	The company is with good performance.	N/A	N/A
CHC Healthcare (BVI) Limited	395,081	Holding and indirect investment	(11,750)	The decrease in the operating revenue of the company's investee resulted in the loss.	To develop business proactively.	N/A
Treasure of Health Co., Ltd.	333,526	sales of medicines and health supplements	(1,544)	In the early stage of merger, no synergy has yet been achieved.	To develop business proactively.	No

Note: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 27.68 on December 31, 2021. The average USD to NTD was 28.01 in 2021.

VI. Analysis of Risk Management

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

1. Changes in interest rate

The interest expenses of the Group are mainly due to the bank loans borrowed as working capital for business operation. The interest expense incurred in 2021 was NT$33,792 thousand, accounted for 1.39% of the net operating revenue of the year, which was a small ratio, so the impact of the changes in interest rate on the Group's profit and loss was limited.

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

2. Changes in exchange rate

The Group's purchases are mainly for imports. The net foreign currency exchange gain in 2021 was NT$1,767 thousand, accounted for 0.07% of the net operating revenue of the year, which had no significant impact.

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

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

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

3. Inflation

The Group's products are not necessities consumables; therefore, there is no immediate

pressure on the sensitivity of inflation. However, the Group will still pay close attention to the fluctuation of market prices, plan the timing for incoming inventory, and maintain a good cooperative relationship with suppliers.

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

1. Basing on the principle of prudence and pragmatic business philosophy, the Company does not engage in high-risk and highly leveraged investments other than focusing on long-term equity investments under the equity method.
2. The Company has stipulated relevant procedures, such as, “Procedures for Loaning of Funds,” “Procedures for Making of Endorsements and Guarantees,” and “Procedures for the Acquisition and Disposal of Assets,” for the compliance of the Company and its subsidiaries in engaging in related operations. As of the annual report printing date, the Company and its subsidiaries have not engaged in any trading of financial derivatives. In addition, the loaning of funds and making of endorsements and guarantees are based on the aforementioned policies and countermeasures. Furthermore, the Group has always focused on the operations of the industry with limited risks associated.

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

In consideration of the rising awareness toward safety and health domestically, the Group plans to step into the radiation sterilization business, and is approved by the Ministry of Science and Technology (MOST) to develop the radiation sterilization business in Tongluo Science Park and engage in the business lines including sterilization validation test, X-ray sterilization, electron irradiation sterilization, and R&D of radiation-resistant materials. The Project is still under preparation in the lead-time period and is expected to operate officially as of 2023, aiming to become the first supplier that adopts the radiation sterilization technology in line with the sustainable utilization principles throughout Taiwan. Then, the Group will provide X-ray sterilization and electron irradiation sterilization services stressing safety, high-performance and residual free. Meanwhile, the Group will set up professional laboratories and retain the professional validation personnel dedicated to researching and developing the new validation technology to provide higher-standard services, and also engage in research and development of radiation-resistant materials and products, hoping to apply them to medical devices, in-vehicle materials, functional clothing materials or various packing materials in the future. The Group plans to invest R&D expenses amounting to NT$7,024thousand in 2023.

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

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

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

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

The Group has established comprehensive preventive measures to maintain network and computer information security, but cannot guarantee that the computer systems controlling and maintaining the Company's operations and important accounting functions,

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

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

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

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

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

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

(6) Regular implementation of information security awareness.

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

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

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

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

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

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

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

None.

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

1. Purchases

The net purchase from supplier 甲 who was the Group’s main supplier accounted for

30.07% of the total purchases in 2021, mainly because the Company's subsidiary, Chiu Ho Medical System Co., Ltd., was the exclusive agent of Supplier 甲 for radiation oncology instruments and equipment in Taiwan. 甲 concentrated purchase is resulted due to the increase in purchase in response to a rising market demand. The Group continues to maintain partnerships with major suppliers, by training professional maintenance engineers to perform self-installation, parts replacement, and follow-up maintenance and together with the advantages of marketing channels to increase the supplier's dependence on the Group in order to create an irreplaceable position that will protect the Group from being replaced by other agents arbitrarily.

2. Sales

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

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

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

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

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

(XII) Litigation or non-litigation events

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

None.

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

None.

(XIII) Other major risks and countermeasures

VII. Other major matters

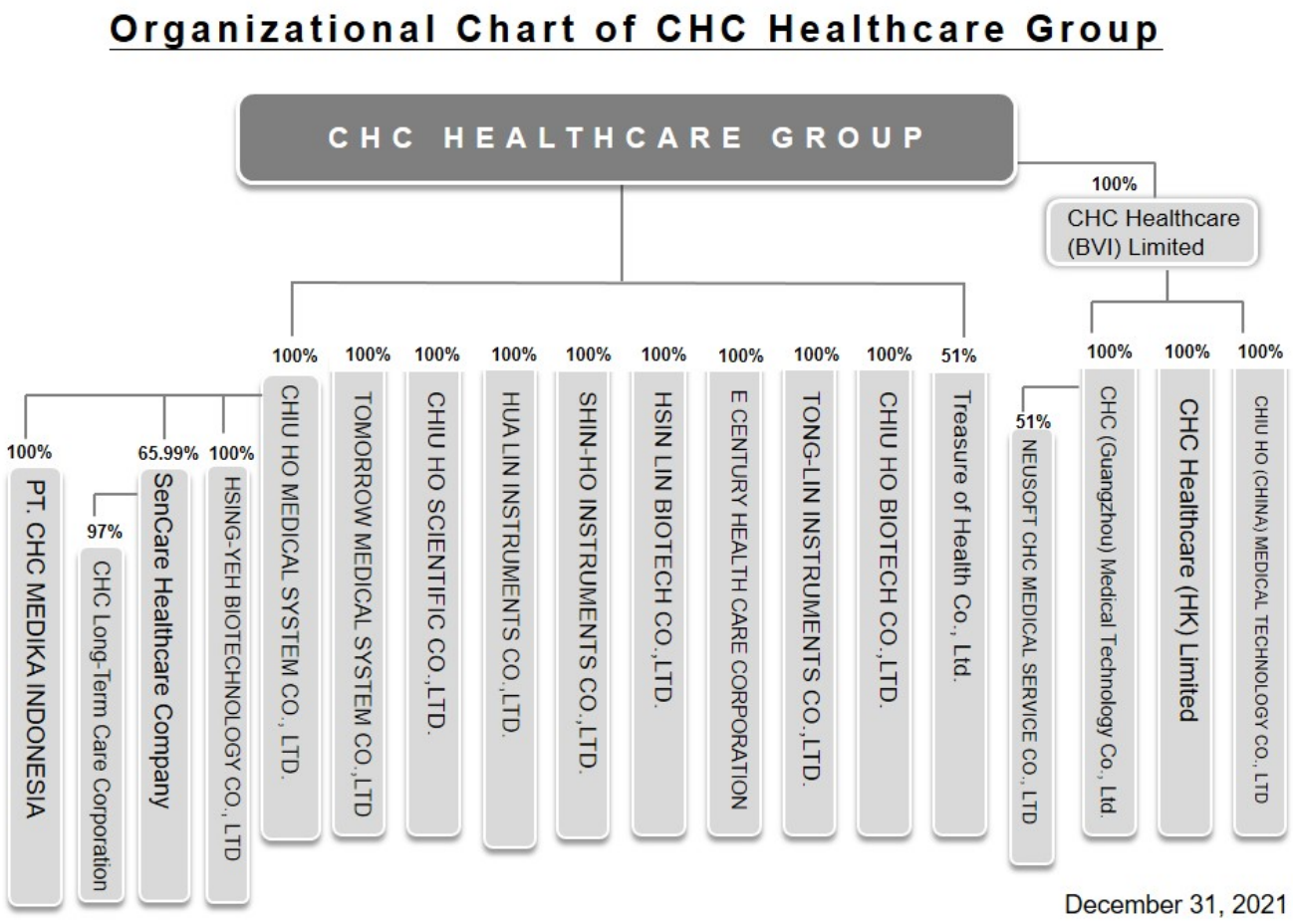
None.

Eight. Special Disclosure

I. Summary of Affiliated Companies

(I)Consolidated business report of the affiliated enterprises

1. Organizational chart of affiliated enterprises



2. Basic information of each affiliated enterprise

December 31,2021 Unit: NT$ (unless otherwise provided)

Company	Incorporation date	Address	Paid-in capital	Main business operation or products
Chiu Ho Medical System Co., Ltd.	03/17/2000	5F, No. 88, Xingai Road, Neihu District, Taipei City	3,900,000,000	Medical instrument sales, leasing, and service
Tomorrow Medical System Co., Ltd.	03/20/2006	6F, No. 88, Xingai Road, Neihu District, Taipei City	708,000,000	Medical instrument sales, leasing, and service
Chiu Ho Scientific Co., Ltd.	03/17/2006	6F, No. 88, Xingai Road, Neihu District, Taipei City	98,538,410	Ophthalmic equipment sales, leasing, and service
Hua Lin Instruments Co., Ltd.	07/10/1999	6F, No. 88, Xingai Road, Neihu District, Taipei City	416,000,000	Medical instrument leasing
Shin-Ho Instruments Co., Ltd.	10/16/2002	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	213,000,000	Medical instrument leasing
Hsin Lin Biotech Co., Ltd.	03/07/2008	6F, No. 88, Xingai Road, Neihu District, Taipei City	80,000,000	Medical instrument leasing
E Century Health Care Corporation	12/06/2002	6F, No. 88, Xingai Road, Neihu District, Taipei City	600,000,000	Medical instrument leasing

Company	Incorporation date	Address	Paid-in capital	Main business operation or products
Tong-Lin Instruments Co., Ltd.	02/25/2002	6F, No. 88, Xingai Road, Neihu District, Taipei City	400,000,000	Medical instrument leasing
Chiu Ho Biotech Co., Ltd.	12/16/2003	6F, No. 88, Xingai Road, Neihu District, Taipei City	260,000,000	Medical instrument leasing
CHC Healthcare (BVI) Limited	11/23/2010	Walkers Chambers P.O. Box 92, Road Town, Tortola, British Virgin Islands	USD940	Holding and indirect investment
CHC Healthcare (HK) Limited	09/19/2012	Unit 806, 8/F Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong	HKD 1,000,000	Medical instrument sales, leasing, and service
CHC (Guangzhou) Medical Technology Co., Ltd.	07/13/2011	1009 GIE Tower, No. 403 HuangShi Rd. East, Yuexiu Dist., GuangZhou 510095, P.R.C	USD 9,502,777.42	Medical instrument sales, leasing, and service
Chiu Ho (China) Medical Technology Co., Ltd	05/30/2013	Room 1501, Fangheng Times Center, Building B, No. 10 Courtyard, Wangjing Street, Chaoyang District, Beijing City	USD 7,544,411.00	Medical instrument sales, leasing, and service
Hsing-Yeh Biotechnology Co., Ltd	09/21/2015	6F, No. 88, Xingai Road, Neihu District, Taipei City	936,000,000	Medical instrument sales, leasing, and drug sales
Neusoft CHC Medical Service Co., Ltd	03/28/2018	Room 227, No. 177-1, ChuangXin Street, Hun Nan District, Shenyang, Liaoning Province, 110179, China	RMB 7,200,000	Medical instrument sales, leasing, and service
SenCare Healthcare Company	09/27/2018	5F, No. 88, Xing'ai Rd., Neihu Dist., Taipei City	294,000,000	Management consulting and elderly residence
PT CHC Medika Indonesia	03/21/2017	Jl. Lebak Bulus 1 Lt. B1 Kav. 29 Kel. Cilandak Barat, Kec. Cilandak, Jakarta Selatan Indonesia	IDR 2,566,000,000	Medical instrument leasing
CHC Long-Term Care Corporation	12/31/2019	30, Lane 321, Yangxin N. Rd., Yangmei District, Taoyuan City	32,000,000	Long-term care service
Treasure of Health Co., Ltd.	03/27/2018	No. 16 (1F), Lane 52, Hengke Road, Xizhi District, New Taipei City	21,000,000	Sale of medicines and health supplements

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

4. The overall business operation of the affiliated enterprises

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

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

Name of enterprises	Division of labor
CHC Healthcare (HK) Limited, CHC (Guangzhou) Medical Technology Co., Ltd., and Chiu Ho (China) Medical Technology Co., Ltd.,	Medical instrument sales, leasing, and service
Hsing-Yeh Biotechnology Co., Ltd	Medical instrument sales, leasing, and drug sales
SenCare Healthcare Company	Management consulting and elderly residence
CHC Long-Term Care Corporation	Long-term care service
Treasure of Health Co., Ltd.	Sale of medicines and health supplements

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

December 31,2021 Unit：Shares; %

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
Chiu Ho Medical System Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	390,000,000	100%
Tomorrow Medical System Co., Ltd.	Chairman Director Director Supervisor	Tzu-Lan Tung (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	70,800,000	100%
Chiu Ho Scientific Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	9,853,841	100%
Hua Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	41,600,000	100%
Shin-Ho Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	21,300,000	100%
Hsin Lin Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) MingLun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	8,000,000	100%
E Century Health Care Corporation	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	60,000,000	100%
Tong-Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	40,000,000	100%
Chiu Ho Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	26,000,000	100%
CHC Healthcare (BVI) Limited	Chairman	Pei-Lin Lee (Representative of the Company)	940	100%
CHC Healthcare (HK) Limited	Chairman	Pei-Lin Lee	100,000	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 9,502,777.42 (Note 1)	100%

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
Chiu Ho (China) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 7,544,411.00 (Note 1)	100%
Hsing-Yeh Biotechnology Co., Ltd	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Yi-Chun Chen (Representative of Chiu Ho Medical System Co., Ltd.) Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.)	93,600,000	100%
Neusoft CHC Medical Service Co., Ltd	Chairman Director Director Director Director Supervisor Supervisor	Shaojie Wu (Representative of Neusoft Medical Technology Co., Ltd.) Donglong Han (Representative of Neusoft Medical Technology Co., Ltd.) Tien-Ying Lee (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Ming-Lun Lee (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Fangqin Zhang (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Yi-Chun Chen (Representative of CHC (Guangzhou) Medical Technology Co., Ltd.) Sue Kong (Representative of Neusoft Medical Technology Co., Ltd.)	RMB 3,672,000 (Note 1)	51%
SenCare Healthcare Company	Chairman Director Director Director Director Supervisor Supervisor	Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.) Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Sakurajyuji Co., Ltd. KAJI MASATO Yi-Chun Chen NISHIKAWA TOMOKI	19,400,000	65.99%
PT CHC Medika Indonesia	Director Supervisor	ANNY EKA YASIKA LIN MENG YU	2,566	100%
CHC Long-Term Care Corporation	Chairman Director Director Supervisor	Pei-Lin, Lee Tien-Ying Lee (Representative of SenCare Healthcare Company) Yi-Chun Chen Ming-Fa Hsieh	31,040,000 (Note 2)	97%
Treasure of Health Co., Ltd..	Chairman Director Director Director Director Supervisor Supervisor	Pei-Lin Lee (Representative of the Company) Tien-Ying Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Kun-chang Su Yu-chih Chuang Yi-Chun Chen Kui-rong Su	1,071,000	51%

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

6. Affiliated enterprise operational overview

Unit: NT$ thousands

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Chiu Ho Medical System Co., Ltd.	3,900,000	5,754,005	1,312,853	4,441,152	1,112,853	223,500	198,693	0.51
Tomorrow Medical System Co., Ltd.	708,000	1,931,060	1,109,387	821,673	252,182	53,310	42,208	0.60

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Chiu Ho Scientific Co., Ltd.	98,538	272,180	85,467	186,713	174,050	35,743	58,802	5.97
Hua Lin Instruments Co., Ltd.	416,000	643,201	123,206	519,995	225,207	48,105	39,393	0.87
Shin-Ho Instruments Co., Ltd.	213,000	530,750	321,721	209,029	0	(4,592)	(6,023)	(0.31)
Hsin Lin Biotech Co., Ltd.	80,000	88,999	2,766	86,233	24,866	5,032	4,035	0.50
E Century Health Care Corporation	600,000	819,702	32,853	786,849	287,773	66,674	53,026	0.88
Tong-Lin Instruments Co., Ltd.	400,000	549,660	70,474	479,186	178,248	41,221	33,104	0.83
Chiu Ho Biotech Co., Ltd.	260,000	285,131	8,367	276,764	67,758	8,490	6,805	0.23
CHC Healthcare (BVI) Limited	28	395,081	0	395,081	0	(48)	(11,750)	(12,500.00)
Treasure of Health Co., Ltd.	21,000	173,556	132,731	40,825	156,689	6,781	3,872	0.46
CHC Healthcare (HK) Limited	3,593	36,635	0	36,635	0	(44)	183	1.83
CHC (Guangzhou) Medical Technology Co., Ltd.	263,037	253,895	26,089	227,806	37,134	(11,469)	(8,435)	Note 3
Chiu Ho (China) Medical Technology Co., Ltd.	208,829	123,759	955	122,804	1,056	(5,485)	(3,474)	Note 3
Hsing-Yeh Biotechnology Co., Ltd.	936,000	1,111,325	116,807	994,518	208,541	23,171	30,282	0.32
Neusoft CHC Medical Service Co., Ltd	31,277	9,063	4	9,059	2,766	1,273	1,484	Note 3
SenCare Healthcare Company	294,000	292,488	3,056	289,432	0	(453)	(1,569)	(0.05)
PT CHC Medika Indonesia	5,358	4,323	3,684	639	9,493	(1,033)	(1,032)	(436.61)
CHC Long-Term Care Corporation	32,000	29,522	43	29,479	0	(2,086)	(2,019)	Note 4

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

Note 2: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 27.68 on December 31, 2021; USD to RMB was 6.3720 on December 31, 2021; USD to HKD was 7.7994 on December 31, 2021; NTD to IDR was 0.00198 on December 31, 2021; the average USD to NTD was 28.01 in 2021; the average USD to RMB was 6.4524 in 2021; the average USD to HKD was 7.7741 in 2021, and the average NTD to IDR was 0.00198 in 2021.

Note 3: It is not applicable to a limited company that does not issue stock shares.

Note 4: Juridical association, unissued shares, therefore not applicable.

(II) Consolidated financial statements of the affiliated enterprises

The companies to be included in the Company's 2021 (from January 1, 2021 to December

31, 2021) consolidated financial statements of the affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same companies to be included in the consolidated financial statements of the parent company and subsidiaries in accordance with Article 27 of the International Accounting Standards; also, the relevant information in the consolidated financial statements of the affiliated enterprise that should be disclosed has already been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries. Therefore, the consolidated financial statements of the affiliated enterprise will not be prepared separately.

(III) Relationship report

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

II. Private Placement Securities in the Most Recent Years

<table>
<tr><td>Item</td><td colspan="5">First private placement of 2021
Issuance date: November 29, 2021</td></tr>
<tr><td>Type of securities in private placement</td><td colspan="5">Ordinary shares</td></tr>
<tr><td>Date of approval by shareholders' meeting and number of shares</td><td colspan="5">Date of approval by shareholders' meeting: July 1, 2021, not exceeding 20,000,000 shares.</td></tr>
<tr><td>Basis and reasonableness of price</td><td colspan="5">1. Based on the resolution of the Shareholdings' Meeting, the price of ordinary shares in this private placement may not be less than 80% of the reference price. The reference price shall be the higher of the prices calculated on the basis of the following two standards:
(1) The closing price of ordinary shares calculated as a simple average 1, 3, or 5 business days prior to the price-setting date minus stock dividends ex-rights and dividend distribution, and adding back the stock price after capital reduction reverse ex-rights.
(2) The closing price of ordinary shares calculated as a simple average 30 business days prior to the price-setting date minus stock dividends ex-rights and dividend distribution, and adding back the stock price after capital reduction reverse ex-rights.</td></tr>
<tr><td></td><td colspan="5">2. Taking October 6, 2021 as the actual price-setting date, the issuance price of NT$35.1 constituted 90% of the reference price (not less than 80% of the reference price). This was within the range approved in the resolution of the Shareholdings' Meeting, and can be considered reasonable.</td></tr>
<tr><td>Selection method for designated persons</td><td colspan="5">In order to strengthen collaboration with strategic investors, the Company plans to select designated persons complying with the requirements of Article 43-6 of the Securities and Exchange Act.</td></tr>
<tr><td>Reason for the necessity of private placement</td><td colspan="5">The restriction that ordinary shares issued via private placement may not be freely transferred within three years will ensure that the Company maintains long-term collaborative relationships with strategic investment partners.</td></tr>
<tr><td>Date of completed price payment</td><td colspan="5">October 13, 2021</td></tr>
<tr><td rowspan="2">Subscriber information</td><td>Subject of private placement</td><td>Qualifications</td><td>Size of subscription</td><td>Relationship with the Company</td><td>Participation in the Company's operations</td></tr>
<tr><td>Errand Co.,Ltd.</td><td>Complies with the requirements of Paragraph 1, Article 43-6 of the Securities and Exchange Act</td><td>4,722,000 shares</td><td>No</td><td>No</td></tr>
</table>

Actual subscription (or conversion) price	NT$35.1
Discrepancy between the actual subscription (or conversion) price and reference price	The actual subscription price of NT$35.1 constituted 90% of the private placement reference price of NT$39.0.
Impact of private placement on shareholders’ equity	The pricing method and subscriber qualifications in this private placement of ordinary shares both complied with the requirements of the Securities and Exchange Act, and there is a three-year restriction on transfer. As a consequence, the impact on shareholders' equity will be quite small.
State of use of funds obtained through private placement and planned implementation timetable	As of Q4 2021, all funds raised through private placement have been used to repay bank loans, and the use of funds has been completed.
Significance of benefits of private placement	The funds raised through private placement have been used to repay bank loans, which has helped put the Company's financial structure on a sound basis, will boost the Company's future competitiveness, and has also had a positive effect on shareholders' equity.

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

None.

IV. Other supplementary information

None.

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

None.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of CHC Healthcare Group as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHC Healthcare Group and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CHC HEALTHCARE GROUP

By

Pei-Lin Lee
Chairman

March 23, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying consolidated balance sheets of CHC Healthcare Group and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 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 2021 consolidated financial statements are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2021, the Group generated goodwill of NT$150,617 thousand as a result of the merger with Shih-Lu Co., Ltd.

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

actual operations.

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

Impairment assessment of property, plant and equipment

Description

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

Assessment of the reasonableness of the purchase price allocation for business combination

Description

On October 6, 2021, the Group acquired 51% of the share capital of Treasure of Health Co., Ltd. for NT$335,070 thousand. The value of intangible assets acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, 'Business combination'. As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management's estimation and involve accounting estimations and assumptions, we considered this equity price allocation transaction as a key audit matter.

Refer to Note 4(33) for the accounting policy on business combination and Note 6(31) for related details on business combination.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flows, and the fair value calculation model used in the purchase price allocation reports by the appraisers appointed by the Company. Our procedures also included the following:

A. Assessed the setting of parameters of valuation models and calculation formulas;

B. Compared the expected growth rate and operating margin with historical data, economic and industry forecasts; and

C. Compared the discount rate with the cost of capital assumptions of cash generating units and rate of returns of similar assets.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CHC Healthcare Group as at and for the years ended December 31, 2021 and 2020.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

For and on behalf of PricewaterhouseCoopers, Taiwan
March 23, 2022

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

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

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,493,927	12	$ 1,380,522	12
1110	Financial assets at fair value through profit or loss - current	6(2)(26)	90,904	1	106,000	1
1136	Current financial assets at amortised cost	6(4)(24)	334,400	3	287,540	2
1140	Contract assets - current	6(23)	54,104	-	38,177	-
1150	Notes receivable, net	6(5)	43,334	-	35,756	-
1170	Accounts receivable, net	6(5)	484,927	4	482,621	4
1180	Accounts receivable - related parties	7	227,579	2	228,448	2
1200	Other receivables	6(5)	6,748	-	1,153	-
1210	Other receivables due from related parties	7	162,970	1	173,869	2
1220	Current tax assets		79	-	2,123	-
130X	Inventories	6(6)(9)	321,593	3	313,692	3
1410	Prepayments	6(7) and 7	547,300	4	433,600	4
1470	Other current assets		15,979	-	1,728	-
11XX	**Total current assets**		3,783,844	30	3,485,229	30
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)(26)	59,960	1	600	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	31,447	-	35,781	-
1535	Financial assets at amortised cost - non-current	6(4)(24) and 8	208,180	2	240,885	2
1560	Contract assets - non-current	6(23)	49,762	-	58,371	1
1550	Investments accounted for using equity method	6(8)	8,641	-	-	-
1600	Property, plant and equipment	6(9)(12) and 8	5,428,602	43	5,382,011	47
1755	Right-of-use assets	6(10)(24)(26)	77,444	1	73,452	1
1760	Investment property, net	6(9)(12) and 8	1,505,457	12	1,463,155	13
1780	Intangible assets	6(13)(31)	631,278	5	159,151	1
1840	Deferred tax assets	6(29)	89,190	1	88,383	1
1930	Long-term notes and accounts receivable	6(5)	154,020	1	154,824	1
1940	Long-term notes and accounts receivable - related parties	7	26,168	-	36,406	-
1990	Other non-current assets	6(9)(12)(14) and 8	513,288	4	365,573	3
15XX	**Total non-current assets**		8,783,437	70	8,058,592	70
1XXX	**Total assets**		$ 12,567,281	100	$ 11,543,821	100

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(15)	$ 636,211	5	$ 190,234	2
2130	Contract liabilities - current	6(23)	42,488	-	152,413	1
2150	Notes payable		10,568	-	2,417	-
2170	Accounts payable		199,510	2	152,900	1
2200	Other payables	6(9)(12)	148,989	1	101,262	1
2230	Current tax liabilities		93,458	1	92,550	1
2250	Provisions for liabilities - current		17,201	-	22,021	-
2280	Lease liabilities - current		17,717	-	10,788	-
2320	Long-term liabilities, current portion	6(17) and 8	316,435	3	310,911	3
2399	Other current liabilities	7	3,640	-	17,890	-
21XX	**Total current liabilities**		1,486,217	12	1,053,386	9
	Non-current liabilities					
2527	Contract liabilities - non-current	6(23)	638,653	5	636,740	6
2530	Bonds payable	6(16)	1,499,378	12	1,488,808	13
2540	Long-term borrowings	6(17) and 8	2,386,824	19	2,227,892	19
2550	Provisions for liabilities - non-current		13,032	-	12,858	-
2570	Deferred tax liabilities	6(29)	94,170	1	40,303	-
2580	Lease liabilities - non-current		109,242	1	63,542	1
2600	Other non-current liabilities	6(17)	25,908	-	20,291	-
25XX	**Total non-current liabilities**		4,767,207	38	4,490,434	39
2XXX	**Total liabilities**		6,253,424	50	5,543,820	48
	Equity attributable to owners of the parent					
	Share capital	6(16)(19)(20)				
3110	Common stock		1,610,536	13	1,570,439	14
	Capital surplus	6(16)(19)(21)				
3200	Capital surplus		3,533,299	27	3,427,278	29
	Retained earnings	6(22)				
3310	Legal reserve		353,704	3	317,065	3
3320	Special reserve		387,124	3	387,852	3
3350	Unappropriated retained earnings		595,565	5	566,883	5
	Other equity	6(3)				
3400	Other equity		(395,707)	(3)	(387,124)	(3)
3500	**Treasury shares**	6(20)	-	-	(34,956)	-
31XX	**Total equity attributable to owners of the parent**		6,084,521	48	5,847,437	51
36XX	**Non-controlling interest**	4(3)	229,336	2	152,564	1
3XXX	**Total equity**		6,313,857	50	6,000,001	52
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 12,567,281	100	$ 11,543,821	100

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

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenue**	6(5)(11)(12)(23) and 7	$ 2,439,564	100	$ 2,554,911	100
5000	**Operating costs**	6(6)(10)(12)(18)(19)(28) and 7	(1,590,083)	(65)	(1,724,201)	(68)
5950	**Gross profit**		849,481	35	830,710	32
	Operating expenses	6(10)(12)(18)(19)(28) and 7				
6100	Selling expenses		(122,279)	(5)	(118,774)	(5)
6200	General and administrative expenses		(233,558)	(10)	(191,688)	(7)
6300	Research and development expenses		-	-	(6,252)	-
6450	Loss on expected credit impairment		(316)	-	(890)	-
6000	**Total operating expenses**		(356,153)	(15)	(317,604)	(12)
6900	**Operating profit**		493,328	20	513,106	20
	Non-operating income and expenses					
7100	Interest income	6(4)(10)(24) and 7	9,564	-	12,049	1
7010	Other income	6(11)(12)(25)	10,703	1	10,888	-
7020	Other gains and losses	6(2)(10)(26)	31,349	1	6,437	-
7050	Finance costs	6(27)	(62,516)	(2)	(78,208)	(3)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(8)	8,641	-	(276)	-
7000	**Total non-operating income and expenses**		(2,259)	-	(49,110)	(2)
7900	**Profit before income tax**		491,069	20	463,996	18
7950	Income tax expense	6(29)	(110,787)	(5)	(101,084)	(4)
8200	**Profit for the year**		$ 380,282	15	$ 362,912	14
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 4,334)	-	($ 2,900)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(5,031)	-	4,461	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)	(5)	-	13	-
8300	**Other comprehensive (loss) income for the year**		($ 9,370)	-	$ 1,574	-
8500	**Total comprehensive income for the year**		$ 370,912	15	$ 364,486	14
	Profit attributable to:					
8610	Owners of the parent		$ 381,633	15	$ 366,389	14
8620	Non-controlling interest		($ 1,351)	-	($ 3,477)	-
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 373,050	15	$ 367,117	14
8720	Non-controlling interest		($ 2,138)	-	($ 2,631)	-
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(30)	$	2.43	$	2.53
9850	**Diluted earnings per share**	6(30)	$	2.18	$	1.95

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

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent													
		Capital Reserves					Retained Earnings			Other Equity Interest					
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee stock options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
2020															
Balance at January 1, 2020		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144	$ 155,195	$ 5,317,339
Consolidated net income		-	-	-	-	-	-	-	366,389	-	-	-	366,389	(3,477)	362,912
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	3,628	(2,900)	-	728	846	1,574
Total comprehensive income (loss)		-	-	-	-	-	-	-	366,389	3,628	(2,900)	-	367,117	(2,631)	364,486
Appropriations of 2019 earnings	6(22)														
Legal reserve		-	-	-	-	-	39,517	-	(39,517)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	24,231	(24,231)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(281,267)	-	-	-	(281,267)	-	(281,267)
Conversion of convertible bonds	6(16)(20)	151,509	424,330	-	-	(14,446)	-	-	-	-	-	-	561,393	-	561,393
Issuance of convertible bonds	6(16)	-	-	-	-	25,350	-	-	-	-	-	-	25,350	-	25,350
Exercise of employee stock options	6(19)(20)	2,595	7,840	-	(2,195)	-	-	-	-	-	-	-	8,240	-	8,240
Compensation cost of employee stock options	6(19)	-	-	-	1,482	-	-	-	-	-	-	-	1,482	-	1,482
Compensation cost of employee stock options of subsidiaries	6(19)	-	-	-	2,978	-	-	-	-	-	-	-	2,978	-	2,978
Expired employee stock options		-	-	-	(74)	74	-	-	-	-	-	-	-	-	-
Balance at December 31, 2020		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437	$ 152,564	$ 6,000,001
2021															
Balance at January 1, 2021		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437	$ 152,564	$ 6,000,001
Consolidated net income		-	-	-	-	-	-	-	381,633	-	-	-	381,633	(1,351)	380,282
Other comprehensive loss		-	-	-	-	-	-	-	-	(4,249)	(4,334)	-	(8,583)	(787)	(9,370)
Total comprehensive income (loss)		-	-	-	-	-	-	-	381,633	(4,249)	(4,334)	-	373,050	(2,138)	370,912
Appropriations of 2020 earnings	6(22)														
Legal reserve		-	-	-	-	-	36,639	-	(36,639)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(313,648)	-	-	-	(313,648)	-	(313,648)
Special reserve		-	-	-	-	-	-	(728)	728	-	-	-	-	-	-
Issuance of shares	6(20)	47,220	118,522	-	-	-	-	-	-	-	-	-	165,742	-	165,742
Decrease in of treasury shares	6(20)	(10,000)	(21,391)	(173)	-	-	-	-	(3,392)	-	-	34,956	-	-	-
Proceeds from capital reduction of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(48,140)	(48,140)
Exercise of employee stock options	6(19)(20)	2,877	8,451	-	(2,594)	-	-	-	-	-	-	-	8,734	-	8,734
Compensation cost of employee stock options	6(19)	-	-	-	1,131	-	-	-	-	-	-	-	1,131	-	1,131
Compensation cost of employee stock options of subsidiaries	6(19)	-	-	-	2,075	-	-	-	-	-	-	-	2,075	-	2,075
Increase in non-controlling interests	6(31)	-	-	-	-	-	-	-	-	-	-	-	-	127,050	127,050
Balance at December 31, 2021		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521	$ 229,336	$ 6,313,857

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

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 491,069	$ 463,996
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss		316	890
Depreciation charge	6(9)(10)(12)(28)	455,071	440,349
Amortisation charge	6(13)(28)	5,521	563
Loss on disposal of property, plant and equipment	6(26)	160	690
Property, plant and equipment transferred to expenses		-	84
Gain on disposal of investment property	6(26)	(31,661)	-
Gain from lease modification	6(26)	(133)	-
Interest expense		54,815	68,134
Interest income	6(24)	(9,564)	(12,049)
Dividend income	6(25)	(1,441)	(1,015)
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(8)	(8,641)	276
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(26)	964	(37,382)
Amortisation of discount on bonds payable	6(27)	10,570	13,922
Compensation cost of employee stock options	6(19)(28)	3,206	4,460
Changes in operating assets and liabilities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		14,732	3,181
Contract assets		(7,292)	(15,641)
Notes receivable		5,079	28,426
Accounts receivable		26,218	35,740
Accounts receivable - related parties		60,732	28,312
Other receivables		(3,660)	495
Other receivables - related parties		(101)	-
Inventories		7,155	121,271
Prepayments		(90,578)	(70,590)
Other current assets		(14,251)	3,403
Changes in operating liabilities			
Contract liabilities		(115,235)	40,815
Notes payable		(15,173)	(1,413)
Accounts payable		26,774	(68,001)
Other payables		(6,666)	(6,597)
Provisions for liabilities		(4,646)	3,223
Other current liabilities		(14,250)	(2,276)
Cash inflow generated from operations		839,090	1,043,266
Dividends received during the year		1,941	515
Interest paid during the year		(47,455)	(60,433)
Interest received during the year		9,564	12,049
Income tax paid		(110,345)	(79,369)
Net cash flows from operating activities		692,795	916,028

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 14,155)	$ -
Proceeds from disposal of financial assets at amortised cost		-	60,561
Acquisition of financial assets at fair value through profit or loss		(59,960)	-
Decrease in other receivables - related parties		11,000	5,000
Proceeds from disposal of investments accounted for using equity method		-	8,833
Acquisition of property, plant and equipment	6(9)	(514,091)	(721,260)
Proceeds from disposal of property, plant and equipment		-	2,591
Acquisition of investment property	6(12)	(4,533)	(10,717)
Proceeds from disposal of investment properties		56,506	-
Increase in refundable deposits		(50,663)	(217,061)
Decrease in refundable deposits		59,223	235,572
Increase in other non-current assets		(158,652)	(95,144)
Net cash flows from acquisition of subsidiaries	6(31)	(315,028)	-
Net cash flows used in investing activities		(990,353)	(731,625)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(33)	3,417,540	3,039,866
Decrease in short-term loans	6(33)	(2,971,563)	(3,321,223)
Payments of lease liabilities	6(33)	(13,691)	(10,162)
Proceeds from long-term debt	6(33)	611,185	1,079,490
Repayments of long-term debt	6(33)	(434,397)	(1,464,056)
Increase in guarantee deposits received	6(33)	1,834	10,279
Decrease in guarantee deposits received	6(33)	(8,538)	(13,609)
Proceeds from issuance of bonds	6(33)	-	1,515,000
Issuance cost of bonds payable		-	(6,274)
Repayments of bonds		-	(607,600)
Exercise of employee stock options		8,734	8,240
Proceeds from issuance of shares	6(20)	165,742	-
Payment of cash dividends	6(22)	(313,648)	(281,267)
Return of capital to minority interest due to capital reduction of subsidiaries		(48,140)	-
Net cash flows from (used in) financing activities		415,058	(51,316)
Effect of changes in foreign currency exchange rates on cash and cash equivalents		(4,095)	2,200
Increase in cash and cash equivalents		113,405	135,287
Cash and cash equivalents at beginning of year		1,380,522	1,245,235
Cash and cash equivalents at end of year		$ 1,493,927	$ 1,380,522

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

CHC HEALTHCARE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 23, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 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, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
CHC	Chiu Ho Medical System Co., Ltd. (Chiu Ho Medical)	Medical instrument sale, leasing and services	100	100	Note 1
CHC	Tomorrow Medical System Co., Ltd. (Tomorrow)	Medical instrument sale, leasing and services	100	100	
CHC	Chiu Ho Scientific Co., Ltd. (Chiu Ho Scientific)	Ophthalmic equipment sale, leasing and services	100	100	
CHC	Chiu Ho Biotech Co., Ltd. (Chiu Ho Biotech)	Medical instrument leasing	100	100	
CHC	Shin-Ho Instruments Co., Ltd. (Shin-Ho)	Medical instrument leasing	100	100	
CHC	Tong-Lin Instruments Co., Ltd. (Tong-Lin)	Medical instrument leasing	100	100	
CHC	Hua Lin Instruments Co., Ltd. (Hua Lin)	Medical instrument leasing	100	100	
CHC	Hsin Lin Biotech Co., Ltd. (Hsin Lin)	Medical instrument leasing	100	100	
CHC	E Century Healthcare Corporation (E Century)	Medical instrument leasing	100	100	
CHC	CHC Healthcare (BVI) Limited (CHC (BVI))	Holdings and indirect investments	100	100	
CHC	Treasure of Health Co., Ltd. (Treasure of Health)	Drug and health supplements sale	51	-	Note 2
Chiu Ho Medical	Medlink Healthcare Limited (Medlink)	Medical instrument sale	-	100	Note 1
Chiu Ho Medical	Hsing-Yeh Biotechnology Co., Ltd. (Hsing-Yeh)	Medical instrument sale and leasing; drug sale	100	-	Note 1
Chiu Ho Medical	SenCare Healthcare Company (SenCare)	Consulting service and elderly residence	66	66	

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
Chiu Ho Medical	PT CHC Medika Indonesia (PT CHC)	Medical instrument leasing	100	100	
Medlink	Hsing-Yeh Biotechnology Co., Ltd. (Hsing-Yeh)	Medical instrument sale and leasing; drug sale	-	100	Note 1
SenCare	CHC Long-Term Care Corporation (CHC LTC)	Long-term care services	97	97	
CHC (BVI)	CHC Healthcare (HK) Limited (CHC (HK))	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	CHC (Guangzhou) Medical Technology Co., Ltd. (formerly: Guangzhou Chiuho Medical System Co., Ltd.) (CHC Guangzhou)	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	Chiu Ho (CHINA) Medical Technology Co., Ltd. (Chiu Ho (CHINA))	Medical instrument sale, leasing and services	100	100	
CHC (Guangzhou)	Neusoft CHC Medical Service Co., Ltd. (Neusoft CHC)	Medical instrument leasing	51	51	

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

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

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

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

E. Significant restrictions: None.

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

As of December 31, 2021, the non-controlling interest amounted to $229,336. The information of non-controlling interest and respective subsidiaries is as follows:

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

Summarised financial information of the subsidiaries:

Balance sheet

	Treasure of Health December 31, 2021
Current assets	$ 99,298
Non-current assets	546,385
Current liabilities	(78,332)
Non-current liabilities	(108,258)
Total net assets	$ 459,093

Statement of comprehensive income

	Treasure of Health For the period from October 6, 2021 to December 31, 2021
Revenue	$ 117,771
Profit before income tax	301
Income tax expense	(3,328)
Loss for the year	(3,027)
Total comprehensive loss for the year	($ 3,027)
Comprehensive loss attributable to non-controlling interest	($ 1,483)

Statement of cash flows

	Treasure of Health For the period from October 6, 2021 to December 31, 2021
Net cash provided by operating activities	$ 26,384
Net cash used in investing activities	(13,677)
Net cash used in financing activities	(1,812)
Increase in cash and cash equivalents	10,895
Cash and cash equivalents, beginning of year	20,042
Cash and cash equivalents, end of year	$ 30,937

(4) Foreign currency translation

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

the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

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

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

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

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

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

(14) Inventories

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

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

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

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

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

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

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

(16) Property, plant and equipment

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

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

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

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

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

Buildings and structures	40 ~ 50 years
Transportation equipment	5 years
Machinery and equipment	3 ~ 12 years
Leased assets-Machinery and equipment	1.33 ~ 50 years
Leased assets-others	1 ~ 15 years
Other equipment	1 ~ 50 years
Leasehold improvements	3 ~ 5 years

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

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

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

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

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

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

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

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

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

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

(18) Investment property

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

(19) Intangible assets

A. Trademark licenses and supply rights

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

B. Goodwill

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

(20) Impairment of non-financial assets

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

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

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are

expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

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

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

(22) Notes and accounts payable

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

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

(23) Convertible bonds payable

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

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

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

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

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

E. When bondholders exercise conversion options, the liability component of the bonds

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Provisions

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

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(28) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that subscription price and shares are determined.

(29) Income tax

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

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

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

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

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

(30) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are 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.

(32) Revenue recognition

A. Sales of goods

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

(b) The Group's obligation to provide maintenance and repair services for faulty goods under the standard warranty terms is recognised as a provision.

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

(d) Installment sales with periodic collections of consideration

Revenue attributable to the sales price (excluding interest) is recognised on the date of sale. The sales price is the present value of consideration to be collected, calculated by discounting future payments receivable. Interest income is recognised when earned using the effective interest method.

B. Maintenance, repair, and installation service

(a) The Group provides maintenance, repair, and installation services for medical equipment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Certain customer contracts include equipment sale and installation services. In such contracts, the Group provides a significant service of integrating goods and services into a combined item, therefore the equipment and the installation service cannot be separately identified. The timing of revenue recognition is the same as that of the sale of goods.

(c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(d) Revenue from a service contract in which the Group bills a fixed amount based on the period of service provided is recognised at the amount to which the Group has the right to invoice.

C. Revenue from trademark licensing fee

The collection of trademark licensing fee is calculated based on a certain percentage of customer sales as negotiated by the Group and the customer. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

D. For detailed information on rental revenue, please refer to Note 4(13).

E. Financing components

The Group adjusts the transaction prices for the time value of money if the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are

measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

Except for the accounting estimates (detailed in (2) below), the management does not make any judgment that significantly affect the recognised amounts in consolidated financial statements when applying the Group's accounting polices.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,281	$ 1,166
Checking accounts and demand deposits	1,346,823	1,329,356
Time deposits	145,823	50,000
	$ 1,493,927	$ 1,380,522

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

B. The Group classified restricted cash and cash equivalents pledged to others for the performance of contract and bank borrowings as other non-current assets. Please refer to Note 8 for details.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 80,751	$ 99,427
Unlisted stocks	1,014	-
Valuation adjustment	9,139	6,573
	$ 90,904	$ 106,000

Items	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 59,960	$ -
Non-hedging derivatives (Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	1,050	1,050
Valuation adjustment	(1,050)	(450)
	$ 59,960	$ 600

For the years ended December 31, 2021 and 2020, net gain (loss) on financial assets at fair value through profit or loss were ($964) and $37,382, respectively, shown as 'other gains and losses'.

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Listed stocks	$ 340,215	$ 340,215
Unlisted stocks	41,400	41,400
Valuation adjustment	(350,168)	(345,834)
	$ 31,447	$ 35,781

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $31,447 and $35,781 as at December 31, 2021 and 2020, respectively.

B. The Group recognised ($4,334) and ($2,900) in other comprehensive loss for fair value change for the years ended December 31, 2021 and 2020, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with maturity over three months	$ 334,400	$ 287,540
Non-current items:		
Time deposits with maturity over three months and a year	$ 208,180	$ 240,885

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2021	2020
Interest income	$ 3,365	$ 5,306

B. The Group's financial assets at amortised cost are time deposits in banks. The Group transacted with banks which have high credit rating.

C. Details of the Group's certain financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable (including long-term notes and accounts receivable)

	December 31, 2021	December 31, 2020
Notes receivable	$ 10,186	$ 4,407
Installment notes receivable	34,062	32,898
Less: Unrealised interest revenue-installment notes receivable	(914)	(1,549)
	43,334	35,756
Less: Allowance for doubtful accounts	-	-
	$ 43,334	$ 35,756

	December 31, 2021	December 31, 2020
Accounts receivable	$ 442,049	$ 376,520
Installment accounts receivable	50,229	114,186
Less: Unrealised interest revenue-installment accounts receivable	(4,749)	(5,868)
	487,529	484,838
Less: Allowance for doubtful accounts	(2,602)	(2,217)
	$ 484,927	$ 482,621

A. The Group sold equipment under installment payment, subleased right-of-use asset - buildings under finance lease (installment receivables with maturity not later than a year were shown as 'other receivables') and recognised installment receivables with maturity over a year as long-term installment receivables (shown as 'long-term notes and accounts receivable'). At the balance sheet date, the Group's receivables arising from installment payments and financial lease are as follows:

	December 31, 2021	December 31, 2020
Total long-term installment notes receivable	$ 16,060	$ 29,510
Less: Unrealised interest revenue - long-term installment notes receivable	(363)	(1,155)
Total long-term installment accounts receivable	107,740	142,629
Less: Unrealised interest revenue - long-term installment accounts receivable	(12,125)	(16,160)
Long-term lease payments receivable	53,275	-
Less: Unearned finance income of finance lease	(10,567)	-
	154,020	154,824
Less: Allowance for doubtful accounts	-	-
	$ 154,020	$ 154,824

B. Reconciliation of the undiscounted lease payments of the right-of-use asset - buildings sublease and the net investment under the finance lease is provided as follows:

	December 31, 2021		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Not later than one year (Note)	$ 8,125	($ 2,596)	$ 5,529
Non-current			
Over one year	53,275	(10,567)	42,708
	$ 61,400	($ 13,163)	$ 48,237

Note: Shown as 'other receivables'.

The Group has no receivables from the right-of-use asset sublease under the finance lease as of December 31, 2020.

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

	December 31, 2021	December 31, 2020
Not past due	$ 625,965	$ 655,274
Up to 1 month	2,950	9,124
Up to 2 months	1,400	4,106
Up to 3 months	520	5,450
Up to 4 months	9,000	44
Up to 5 months	-	44
Up to 6 months	-	188
Over 6 months	2,340	1,188
	$ 642,175	$ 675,418

The above receivables included the receivables generated from the Group's business activities for the sales and lease of medical equipment and the ageing analysis was based on past due month.

D. The Group expected to recover installment notes and accounts receivable as follows:

	December 31, 2021	December 31, 2020
Not later than one year	$ 78,628	$ 139,667
Over one year	111,312	154,824
	$ 189,940	$ 294,491

E. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables (including long-term receivables) from contracts with customers amounted to $412,801, $429,848, and $536,430, respectively.

F. For the years ended December 31, 2021 and 2020, the interest income (shown as 'others' in 'operating revenue') for installment notes and accounts receivable (including long-term) is recognised in profit or loss of $7,485 and $11,304, respectively.

G. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 465,321	($ 62,710)	$ 402,611
Inventory in transit	29,021	-	29,021
Less: Inventories pledged as collateral	(110,039)	-	(110,039)
	$ 384,303	($ 62,710)	$ 321,593

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 464,826	($ 54,989)	$ 409,837
Inventory in transit	11,989	-	11,989
Less: Inventories pledged as collateral	(108,134)	-	(108,134)
	$ 368,681	($ 54,989)	$ 313,692

A. The abovementioned inventories were not secured or pledged to others.

B. The cost of inventories recognised as expense and operating costs for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	$ 746,733	$ 890,013
Repair supplies	71,857	80,401
Loss on (gain on reversal of) decline in market value and obsolescence	7,789	(8,165)
Loss on physical inventory	7	2,464
Cost of inventories	826,386	964,713
Cost of rental	661,486	654,553
Cost of services	102,211	104,935
Total operating costs	$ 1,590,083	$ 1,724,201

The Group reversed a previous inventory write-down which was accounted for as deduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold in 2020.

(7) Prepayments

	December 31, 2021	December 31, 2020
Prepayments to suppliers	$ 497,935	$ 400,681
Excess business tax paid	33,040	14,028
Others	16,325	18,891
	$ 547,300	$ 433,600

(8) Investments accounted for using equity method

Associates	December 31, 2021 Ownership %	December 31, 2021 Book value	December 31, 2020 Ownership %	December 31, 2020 Book value
CHENG-HSIN Biotechnology Co., Ltd.	40%	$ 8,641	40%	$ -

A. The summarised financial information of the associates that are not material to the Group is as follows:

	Years ended December 31, 2021	Years ended December 31, 2020
Profit (loss) for the year	$ 8,641	($ 276)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss) for the year	$ 8,641	($ 276)

B. The Group is the single largest shareholder of CHENG-HSIN Biotechnology Co., Ltd with a 40% equity interest. Given that the remaining 60% equity interest in CHENG-HSIN Biotechnology Co., Ltd is held by other few investors that are related parties of another joint venture group, which indicates that the Group has no current ability to direct the relevant activities of CHENG-HSIN Biotechnology Co., Ltd, the Group has no control, but only has significant influence, over the investee.

(9) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2021										
Cost	$ 759,015	$ 610,155	$ 7,153	$ 130,468	$ 5,076,047	$ 988,515	$ 1,110	$ 33,593	$ 1,305,992	$ 8,912,048
Accumulated depreciation and impairment	-	(28,833)	(6,743)	(104,692)	(2,740,297)	(633,366)	(927)	(15,179)	-	(3,530,037)
	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
2021										
Opening net book amount as at January 1	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
Additions (Note 1)	-	4,441	-	9,328	22,682	7,242	11,853	3,528	488,343	547,417
Acquired from business combinations	-	-	-	-	-	-	-	-	2,663	2,663
Disposals	-	-	-	-	-	(26)	(103)	(31)	-	(160)
Depreciation charge	-	(15,188)	(199)	(6,530)	(325,383)	(71,201)	(274)	(4,368)	-	(423,143)
Reclassifications (Note 2)	-	(78,417)	-	(1,776)	13,046	4,783	-	(5,368)	(22,238)	(79,234)
Net exchange differences	-	(656)	(2)	(1)	(369)	(3)	-	(1)	80	(952)
Closing net book amount as at December 31	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602
At December 31, 2021										
Cost	$ 759,015	$ 521,087	$ 7,147	$ 137,334	$ 5,111,200	$ 974,970	$ 12,766	$ 42,240	$ 1,774,840	$ 9,340,599
Accumulated depreciation and impairment	-	(29,585)	(6,938)	(110,537)	(3,065,474)	(679,026)	(1,107)	(19,330)	-	(3,911,997)
	$ 759,015	$ 491,502	$ 209	$ 26,797	$ 2,045,726	$ 295,944	$ 11,659	$ 22,910	$ 1,774,840	$ 5,428,602

Note 1: The acquisition of property, plant and equipment includes, the beginning and ending balances of payable on machinery and equipment in the amounts of $16,079 and $49,405, respectively, and the cash payment in the amount of $514,091.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Property, plant and equipment transferred to inventories amounted to $1,776.

(b) Property, plant and equipment transferred to investment property amounted to $78,458.

(c) Other non-current assets transferred to property, plant and equipment amounted to $1,000.

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2020										
Cost	$ 940,731	$ 580,096	$ 6,949	$ 127,469	$ 4,992,431	$ 903,669	$ 904	$ 32,269	$ 238,535	$ 7,823,053
Accumulated depreciation and impairment	-	(21,609)	(5,949)	(99,326)	(2,422,066)	(563,629)	(904)	(18,153)	-	(3,131,636)
	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417
2020										
Opening net book amount as at January 1	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417
Additions (Note 1)	-	73,517	190	2,979	81,134	74,096	191	8,509	434,166	674,782
Disposals	-	-	-	(3,133)	-	(19)	-	(112)	(17)	(3,281)
Depreciation charge	-	(14,686)	(783)	(6,663)	(317,692)	(69,739)	(8)	(3,227)	-	(412,798)
Reclassifications (Note 2)	(181,716)	(37,297)	-	4,459	1,383	10,762	-	(875)	633,237	429,953
Net exchange differences	-	1,301	3	(9)	560	9	-	3	71	1,938
Closing net book amount as at December 31	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
At December 31, 2020										
Cost	$ 759,015	$ 610,155	$ 7,153	$ 130,468	$ 5,076,047	$ 988,515	$ 1,110	$ 33,593	$ 1,305,992	$ 8,912,048
Accumulated depreciation and impairment	-	(28,833)	(6,743)	(104,692)	(2,740,297)	(633,366)	(927)	(15,179)	-	(3,530,037)
	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011

Note 1: The acquisition of property, plant and equipment includes increase in decommissioning cost in the amount of $12,458, increase in decommissioning liabilities in the amount of $12,458 (shown as 'non-current provisions'), the beginning and ending balances of payable on machinery and equipment in the amounts of $75,015 and $16,079, respectively, and the cash payment in the amount of $721,260.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Inventories transferred to property, plant and equipment amounted to $7,147.

(b) Property, plant and equipment transferred to inventories amounted to $2,316.

(c) Property, plant and equipment transferred to investment property amounted to $259,272.

(d) Property, plant and equipment transferred to miscellaneous purchases amounted to $84.

(e) Other non-current assets transferred to property, plant and equipment amounted to $684,478.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and prepayments for business facilities (shown as 'other non-current assets') and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2021	2020
Amount capitalised	$ 15,651	$ 11,384
Range of the interest rates for capitalisation	0.10%~4.25%	1.29%~2.61%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 19 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles, offices and dormitories. Low-value assets comprise copy machines.

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

	Book value	
	December 31, 2021	December 31, 2020
Land	$ 43,224	$ 45,625
Buildings	28,638	25,901
Transportation equipment (Business vehicles)	5,582	1,246
Other equipment	-	680
	$ 77,444	$ 73,452

	Depreciation charge	
	Years ended December 31,	
	2021	2020
Land	$ 2,401	$ 1,001
Buildings	7,756	7,476
Transportation equipment (Business vehicles)	2,418	2,093
Other equipment	309	62
	$ 12,884	$ 10,632

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $72,027 and $54,246, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	($ 1,462)	($ 905)
Expense on short-term lease contracts	(1,716)	(3,276)
Expense on leases of low-value assets	(124)	(179)
Finance income from sublease of right-of-use assets (shown as 'interest income')	692	-
Gain on lease modification (shown as 'other gains and losses')	133	-

F. Reconciliation of the undiscounted lease payments of the right-of-use asset - buildings sublease and the net investment under the finance lease is provided in Note 6(5)B.

G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $16,993 and $14,522, respectively.

(11) Leasing arrangements-lessor

A. The Group leases various assets including buildings, machinery and other equipment. Rental contracts are typically made for periods of 1 and 24 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. The Group leases machinery and equipment, other equipment and right-of-use assets - buildings under a finance lease. Based on the terms of the lease contract, the ownership of machinery and other equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
Sales profit	$ 557	$ 425
Finance income from the net investment in the finance lease (shown as 'others' in 'operating revenue')	1,446	1,944
Finance income from sublease of right-of-use assets (shown as 'interest income')	692	-

C. The maturity analysis of the undiscounted lease payments (including related parties) in the finance lease is as follows:

	December 31, 2021		December 31, 2020
2022	$ 31,532	2021	$ 19,237
2023	22,044	2022	16,365
2024	17,979	2023	12,601
2025	8,382	2024	8,603
2026	6,478	2025	318
2027	5,201	2026	-
2028 and onwards	19,069	2027 and onwards	-
	$ 110,685		$ 57,124

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided in Notes 6(5) and (7).

E. Gain arising from operating lease agreements for the years ended December 31, 2021 and 2020 are as follows:

	Years ended December 31,	
	2021	2020
Rent income	$ 48,226	$ 58,194
Contingent rental revenue	$ 1,002,106	$ 1,010,978

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021		December 31, 2020
2022	$ 53,779	2021	$ 55,101
2023	5,930	2022	51,422
2024	3,015	2023	3,440
2025	2,536	2024	1,987
2026	1,269	2025	677
2027	285	2026	297
2028 and onwards	-	2027 and onwards	285
	$ 66,814		$ 113,209

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2021			
Cost	$ 1,017,135	$ 632,839	$1,649,974
Accumulated depreciation and impairment	-	(186,819)	(186,819)
	$ 1,017,135	$ 446,020	$1,463,155
2021			
Opening net book amount as at January 1	$ 1,017,135	$ 446,020	$1,463,155
Additions from accquisitions (Note 1)	-	4,827	4,827
Additions - from subsequent expenditures (Note 1)	-	796	796
Disposals	(22,851)	(1,994)	(24,845)
Reclassifications (Note 2)	-	80,515	80,515
Depreciation charge	-	(19,044)	(19,044)
Net exchange differences	-	53	53
Closing net book amount as at December 31	$ 994,284	$ 511,173	$1,505,457
At December 31, 2021			
Cost	$ 994,284	$ 727,912	$1,722,196
Accumulated depreciation and impairment	-	(216,739)	(216,739)
	$ 994,284	$ 511,173	$1,505,457

Note 1: The acquisition of investment property includes the beginning and ending balances of payable on machinery and equipment in the amounts of $581 and $1,671, respectively, and the cash payment in the amount of $4,533.

Note 2: Reclassifications with no cash flow effects are as follows:

(1) Other non-current assets transferred to investment property amounted to $2,057.

(2) Property, plant and equipment transferred to investment property amounted to $78,458.

	Land	Buildings and structures	Construction in progress	Total
At January 1, 2020				
Cost	$ 835,419	$ 525,368	$ 7,671	$1,368,458
Accumulated depreciation and impairment	-	(158,070)	-	(158,070)
	$ 835,419	$ 367,298	$ 7,671	$1,210,388
2020				
Opening net book amount as at January 1	$ 835,419	$ 367,298	$ 7,671	$1,210,388
Additions from acquisitions (Note 1)	-	10,414	-	10,414
Reclassifications (Note 2)	181,716	85,227	(7,671)	259,272
Depreciation charge	-	(16,919)	-	(16,919)
Closing net book amount as at December 31	$1,017,135	$ 446,020	$ -	$1,463,155
At December 31, 2020				
Cost	$1,017,135	$ 632,839	$ -	$1,649,974
Accumulated depreciation and impairment	-	(186,819)	-	(186,819)
	$1,017,135	$ 446,020	$ -	$1,463,155

Note 1: The acquisition of investment property includes the beginning and ending balances of payable on machinery and equipment in the amounts of $884 and $581, respectively, and the cash payment in the amount of $10,717.

Note 2: Reclassifications with no cash flow effects are as follows:

Property, plant and equipment transferred to investment property amounted to $259,272.

A. Rental income from lease of the investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2021	2020
Rental income from the lease of the investment property	$ 46,289	$ 56,678
Direct operating expenses arising from the investment property that generated rental income during the year	$ 23,129	$ 20,086
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 943	$ -

B. As of December 31, 2021 and 2020, the fair value of the investment property held by the Group amounted to $1,930,074 and $1,778,735, respectively. The fair value was valued by adopting the transaction prices of similar property or valued by independent appraisers who

adopted comparison approach and land development analysis approach to evaluate the land, assessed the building based on cost method, and considered weights on aforementioned costs to calculate the fair value.

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(13) Intangible assets

	Trademark licenses	Supply rights	Goodwill	Total
At January 1, 2021				
Cost	$ -	$ -	$ 159,151	$ 159,151
Accumulated amortisation	-	-	-	-
	$ -	$ -	$ 159,151	$ 159,151
2021				
Opening net book amount as at January 1	$ -	$ -	$ 159,151	$ 159,151
Additions - acquired through business combinations	130,135	144,438	202,834	477,407
Amortisation charge	(2,502)	(2,778)	-	(5,280)
Closing net book amount as at December 31	$ 127,633	$ 141,660	$ 361,985	$ 631,278
At December 31, 2021				
Cost	$ 130,135	$ 144,438	$ 361,985	$ 636,558
Accumulated amortisation	(2,502)	(2,778)	-	(5,280)
	$ 127,633	$ 141,660	$ 361,985	$ 631,278

	Trademark licenses	Supply rights	Goodwill	Total
At January 1, 2020 (At December 31)				
Cost	$ -	$ -	$ 159,151	$ 159,151
Accumulated amortisation	-	-	-	-
	$ -	$ -	$ 159,151	$ 159,151

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2021	2020
Selling expenses	$ 5,280	$ -

B. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2021	December 31, 2020
Treasure of Health Co., Ltd.	$ 202,834	$ -
Hsing-Yeh Biotechnology Co., Ltd.	150,617	150,617
Others	8,534	8,534
	$ 361,985	$ 159,151

C. Goodwill is allocated to the Group's cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations and fair value, net of disposal cost. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

D. As of December 31, 2021, the Group's goodwill arose from business combination amounting to $361,985, consisting of benefits from expected operating revenue growth of acquired companies. In accordance with IAS 36, goodwill acquired from business combination shall be tested for impairment at least every year and where there is any indication of impairment. The impairment testing on the goodwill as of December 31, 2021 and 2020 is as follows:

For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows. Therefore, the impairment of goodwill is assessed by calculating the difference between the recoverable amount and the carrying amount of net assets of each company.

The Group used value-in-use calculated by external appraiser as the recoverable amount of goodwill arising from Treasure of Health Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. No impairment loss occurred as of December 31, 2021 and 2020 as the recoverable amount was higher than the carrying amount. The key assumptions used by the external appraiser in calculating value-in-use are as follows:

	December 31, 2021	December 31, 2020
Growth rate	2%~2.46%	2.84%
Discount rate	8.61%~13.99%	8.19%

The Group used the value-in-use as the recoverable amount of goodwill arising from the cash-generating units other than Treasure of Health Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. as of December 31, 2021 and 2020. No impairment loss occurred as the recoverable amount was higher than the carrying amount. The key assumptions used for value-in-use calculations are operating profit margin and discount rate.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used are pre-tax and reflected specific risks relating to the relevant operating segments.

(14) Other non-current assets

	December 31, 2021	December 31, 2020
Guarantee deposits paid	$ 235,579	$ 243,218
Prepayments for equipment	253,135	97,356
Restricted bank deposits	24,360	24,607
Deferred expenses	214	392
	$ 513,288	$ 365,573

Information about the restricted bank deposits that were pledged to others as collateral is provided in Note 8.

(15) Short-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Bank borrowings		
Credit borrowings	$ 636,211	$ 190,234
Interest rate range	0.75%~1.29%	0.78%~1.1%

(16) Bonds payable

	December 31, 2021	December 31, 2020
Bonds payable	$ 1,537,875	$ 1,537,875
Less: Discount on bonds payable	(38,497)	(49,067)
	1,499,378	1,488,808
Less: Current portion or exercise of put options	-	-
	$ 1,499,378	$ 1,488,808

A. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the third domestic secured convertible bonds totalling $1,200,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 2, 2017 ~ November 2, 2020) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 2, 2017.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$42 (in dollars). On July 15, 2018, July 15, 2019 and July 18, 2020, the Company adjusted the conversion

price per share to NT$40.6, NT$38.8 and NT$37.1 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) On August 17, 2018, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to Chinatrust Commercial Bank, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.
b. Debt ratio must equal to or less than 150%.
c. Interest coverage ratio must be 3 or higher.
d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(g) The convertible bonds matured on November 2, 2020. Part of the bonds were converted into 15,932 thousand share of common stock, and the remaining unconverted bonds were redeemed at $607,600 by cash. The Company transferred the forfeited stock options of $15,617 to capital surplus-forfeited stock options (shown as capital surplus-others).

B. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totalling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from

the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$53.9 (in dollars). On November 29, 2021 and August 3, 2021, the Company adjusted the conversion price per share to NT$50.9 and NT$51.0 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2021. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2021, the effective interest rate of the bonds payable after such separation was 0.7077%.

C. There were no assets pledged as collateral for the fourth domestic bonds.

(17) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2021	December 31, 2020
Bank borrowings			
Secured borrowings	2016.8~2035.6	$ 2,397,265	$ 2,482,405
Credit borrowings	2017.5~2029.12	318,341	56,398
		2,715,606	2,538,803
Less: Long-term borrowings, current portion		(316,435)	(310,911)
Long-term deferred revenue (shown as 'other non-current liabilities')		(12,347)	-
		$ 2,386,824	$ 2,227,892
Interest rate range		0.10%~4.25%	0.94%~1.8%

A. In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically issue a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare

Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd., and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to the third party in any assumption or method as well as trust. If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. The subsidiary of the Company, Shin-Ho Instruments Co., Ltd., entered into a borrowing contract with Chinatrust Commercial Bank. Guarantees were provided by the Company jointly for the duration of this borrowing or before the debts of this borrowing are fully paid. In addition, the subsidiary started to provide collateral with Chinatrust Commercial Bank after the completion of the building construction and before the operation of the machinery and equipment.

(a) The subsidiary of the Company, Shin-Ho Instruments Co., Ltd., met the common qualifications of the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" of the National Development Council of the Executive Yuan and the specific qualifications of "Manufacturing industry - enterprise whose certain production lines for investment/expansion must have smart technology elements or smart functions and belongs to 5+2 Industrial Innovation". The letter of approval for the qualification of Taiwanese businesses was issued by the Ministry of Economic Affairs.

(b) Shin-Ho Instruments Co., Ltd. applied for a borrowing with the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The government provided grants on the borrowing interest rate. The borrowing interest rate was 0.1% during the granting period. The granting period would end in December 2026 and the borrowing interest rate would be 1.345% starting from January 2027. In addition, the subsidiary also obtained a grace period of 24 months for principal repayment. The grace period would end in December 2023 and Shin-Ho Instruments Co., Ltd. would start to repay the principal from January 2024.

(c) Income from long-term deferred revenue - government grants recognised for the current year was $12,347 (shown as 'other non-current liabilities).

C. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(18) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of

Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $7,798 and $7,689 respectively.

B. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The pension plan is administered by the government. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $1,392 and $214, respectively.

(19) Share-based payment

A. As of December 31, 2021 and 2020, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity Granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-106	2018.4.13	2,000	7 years	Note

Note: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule specified in the plan.

B. Details of the share-based payment arrangements are as follows:

	2021		2020	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,646	$ 30.50	1,980	$ 31.90
Options forfeited	-	-	(75)	31.03
Options exercised	(288)	30.36	(259)	31.75
Options outstanding at December 31	1,358	28.80	1,646	30.50
Options exercisable at December 31	411		225	

C. For the years ended December 31, 2021 and 2020, the weighted-average stock price of stock options on exercise dates were NT$38.28 and NT$41.66 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2021		December 31, 2020	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	$ 1,358	28.8	$ 1,646	30.5

E. The Black Scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-106	2018.4.13	$ 34.50	$ 34.50	30.02%	5.25 years	0%	0.75%	$8.46~$10.91

F. Expenses incurred on the Group's share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	$ 3,206	$ 4,460

G. On November 29, 2021, August 3, 2021 and July 18, 2020, the exercise prices of employee stock options-106 were adjusted to NT$28.8, NT$28.8 and NT$30.5 (in dollars), respectively, according to the rules of the employee stock option plan. The adjustment of exercise prices had no significant impact on the fair value of the aforementioned stock options.

(20) Share capital

A. As of December 31, 2021, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,610,536 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The aforementioned paid-in capital included 288 thousand shares of employee share options exercised for the year ended December 31, 2021. The Company has applied to the regulatory authority for registration of the changes in capital on January 12, 2022, and the registration was completed on January 19, 2022.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(In thousands of shares)

	2021	2020
At January 1	156,044	140,634
Employee stock options exercised	288	259
Cash capital increase-private placement	4,722	-
Bonds payable converted	-	15,151
At December 31	161,054	156,044

B. To attract strategic investors, strengthen the Company's financial structure, enrich working capital and improve the benefits of future competitiveness, the stockholders at their annual stockholders' meeting on July 1, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 20,000 thousand shares. The capital increase shall be processed in installments (no more than three times) within one year from the date of the resolution of the stockholders'

meeting. The stockholders authorised the Board of Directors to determine the actual pricing date and issuance price within the range of not less than the percentage of the resolution of the stockholders' meeting considering the situation of the specific person and the market in the future. As resolved by the Board of Directors on October 6, 2021, the first effective date was on October 13, 2021, and the number of shares issued was 4,722 thousand shares at the subscription price of $35.1 (in dollars) per share. The amount of capital raised through the private placement was $165,742 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(In thousands of shares)

		December 31, 2021		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying Amount	Number of shares	Carrying Amount
The Company	To be reissued to employees	-	$ -	1,000	$ 34,956

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) As resolved by the Board of Directors on August 13, 2018, the Company reacquired its shares from the Stock Exchange Market to be reissued to employees from August 14, 2018 to October 13, 2018. The aforementioned acquisition of treasury shares had been completed on October 12, 2018 and the number of shares reacquired was 1,000 thousand shares, totalling $34,956. The registration of retirement of treasury shares not reissued to employees had been completed on November 12, 2021.

(21) Capital surplus

A. Pursuant to Paragraph 4, Article 31 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2021, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

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

C. Please refer to Note 6(19) for information on capital surplus - employee stock options.

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years shall be proposed by the Board of Directors for appropriation. The proposal for the appropriation of earnings shall be approved by the shareholders if dividends are distributed by issuing new shares and shall be reported to the shareholders during their meeting after being specially resolved by the Board of Directors if dividends are distributed in the form of cash.

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

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

D. The proposal on 2020 earnings appropriations and reversal of special reserve which were resolved at the shareholders' meeting on July 1, 2021 and the proposal on 2019 earnings appropriations which were resolved at the shareholders' meeting on June 12, 2020, are as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 36,639		$ 39,517	
Special reserve	-		24,231	
Reversal of special reserve	(728)		-	
Cash dividends	313,648	$ 2.01	281,267	$ 2.0
	$ 349,559		$ 345,015	

The aforementioned earnings appropriations for the years ended December 31, 2020 and 2019 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 19, 2021 and March 23, 2020, respectively, and the ex-dividend dates resolved in the same meetings were August 3, 2021 and July 18, 2020, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2021 earnings as resolved by the Board of Directors on March 23, 2022 are as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,163	
Special reserve	8,584	
Cash dividends	323,879	$ 2.01
	$ 370,626	

(23) Operating revenue

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers	$ 1,382,876	$ 1,474,007
Rental revenue	1,047,757	1,067,656
Others	8,931	13,248
	$ 2,439,564	$ 2,554,911

A. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2021	Sale of medical instruments and drugs	Repairs and maintenance and other services	Other	Total
Revenue from external customer contracts	$ 1,049,620	$ 321,017	$ 12,239	$1,382,876
Timing of revenue recognition				
At a point in time	$ 1,049,620	$ -	$ 12,239	$1,061,859
Over time	-	321,017	-	321,017
	$ 1,049,620	$ 321,017	$ 12,239	$1,382,876

Year ended December 31, 2020	Sale of medical instruments and drugs	Repairs and maintenance and other services	Other	Total
Revenue from external customer contracts	$ 1,232,511	$ 241,496	$ -	$1,474,007
Timing of revenue recognition				
At a point in time	$ 1,232,511	$ -	$ -	$1,232,511
Over time	-	241,496	-	241,496
	$ 1,232,511	$ 241,496	$ -	$1,474,007

B. Contract assets and liabilities

(a) The Group recognised contract assets and liabilities in relation to contract revenue arising from sales, maintenance and repair of medical instruments and other services as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets	$ 103,866	$ 96,548	$ 80,902
Contract liabilities	$ 681,141	$ 789,153	$ 739,908

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

	Years ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 149,149	$ 74,557

C. Unfulfilled long-term repairs, maintenance and medical instrument contracts

Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at December 31, 2021 and 2020, amounted to $1,163,958 and $1,206,206, respectively. Management expects that the transaction price allocated to the

unsatisfied contracts as of December 31, 2021 and 2020 will be recognised as revenue from 2021 to 2025.

Except for the abovementioned contracts, all other repairs and maintenance contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(24) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 831	$ 2,118
Interest income from financial assets measured at amortised cost	3,365	5,306
Finance income from sublease of right-of-use assets	692	-
Other interest income	4,676	4,625
	$ 9,564	$ 12,049

(25) Other income

	Years ended December 31,	
	2021	2020
Rent income	$ 2,575	$ 1,516
Dividend income	1,441	1,015
Other income	6,687	8,357
	$ 10,703	$ 10,888

(26) Other gains and losses

	Years ended December 31,	
	2021	2020
Losses on disposal of property, plant and equipment	($ 160)	($ 690)
Gains on disposal of investment property	31,661	-
Gains arising from lease modifications	133	-
Net currency exchange gains (losses)	1,767	(17,251)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(964)	37,382
Other losses	(1,088)	(13,004)
	$ 31,349	$ 6,437

(27) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	$ 31,274	$ 42,661
Convertible bonds	10,570	13,922
Long-term contract liabilities	7,223	8,430
Lease liability	1,111	419
Financial expense, others	12,338	12,776
	$ 62,516	$ 78,208

(28) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense		
Wages and salaries	$ 244,124	$ 246,576
Employee stock options	3,206	4,460
Labor and health insurance fees	17,623	17,020
Pension costs	9,190	7,903
Other personnel expenses	7,889	7,842
Depreciation charge	455,071	440,349
Amortization charge	5,521	563
	$ 742,624	$ 724,713

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e. profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance, and must be reported to the shareholders.

Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $199 and $200, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

Employees' compensation of $200 and directors' remuneration of $5,600 for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the

2020 financial statements.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	$ 110,084	$ 102,017
Tax on undistributed surplus earnings	842	2,508
Prior year income tax underestimation	1,721	36
Total current tax	112,647	104,561
Deferred tax		
Origination and reversal of temporary differences	(1,860)	(3,477)
Income tax expense	$ 110,787	$ 101,084

(b) Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Income tax calculated based on profit before tax and statutory tax rate	$ 190,358	$ 185,097
Expenses disallowed by tax regulation	5,690	2,233
Tax exempt income by tax regulation	(93,498)	(90,439)
Temporary differences not recognised as deferred tax assets	2,355	3,264
Taxable loss not recognised as deferred tax assets	2,073	577
Change in assessment of realisation of deferred tax assets	1,246	(2,192)
Prior year income tax underestimation	1,721	36
Tax on undistributed surplus earnings	842	2,508
Income tax expense	$ 110,787	$ 101,084

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

	Years ended December 31,	
	2021	2020
Currency translation differences	($ 5)	$ 13

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

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
Temporary differences					
- Deferred tax assets:					
Unrealised allowance for inventory obsolescence	$ 10,415	$ 1,174	$ -	$ -	$ 11,589
Unrealised exchange loss	4,363	101	-	-	4,464
Warranty obligations	4,405	(917)	-	-	3,488
Long-term contract liabilities interest expense	5,458	1,444	-	-	6,902
Others	3,305	265	(5)	-	3,565
Income tax losses	60,437	(1,255)	-	-	59,182
	88,383	812	(5)	-	89,190
Temporary differences					
- Deferred tax liabilities:					
Land revaluation increment tax	(39,395)	-	-	-	(39,395)
Book-tax difference on intangible assets from business combinations	-	1,056	-	(54,915)	(53,859)
Others	(908)	(8)	-	-	(916)
	(40,303)	1,048	-	(54,915)	(94,170)
	$ 48,080	$ 1,860	($ 5)	($ 54,915)	($ 4,980)

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised allowance for inventory obsolescence	$ 11,691	($ 1,276)	$ -	$ 10,415
Unrealised exchange loss	2,403	1,960	-	4,363
Warranty obligations	3,760	645	-	4,405
Long-term contract liabilities interest expense	3,772	1,686	-	5,458
Others	1,167	2,133	5	3,305
Income tax losses	61,958	(1,521)	-	60,437
	84,751	3,627	5	88,383
Temporary differences				
- Deferred tax liabilities:				
Land revaluation increment tax	(39,395)	-	-	(39,395)
Others	(766)	(150)	8	(908)
	(40,161)	(150)	8	(40,303)
	$ 44,590	$ 3,477	$ 13	$ 48,080

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2021			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,804	295,911	1	2028
2019	3,262	2,528	2,528	2029
2020	4,381	4,381	4,381	2030
2021	5,999	5,999	5,999	2031
	$ 389,040	$ 316,211	$ 20,301	

December 31, 2020				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,803	302,185	-	2028
2019	3,310	2,576	2,576	2029
2020	2,883	2,883	2,883	2030
	$ 381,590	$ 315,036	$ 12,851	

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 110,967	$ 94,923

E. Income tax assessment of the Company and its domestic subsidiaries is as follows:

	Recent assessment
Hsing-Yeh Biotechnology Co., Ltd., Chiu Ho Biotech Co., Ltd., Shin-Ho Instruments Co., Ltd., E Century Healthcare Corporation, Hua Lin Instruments Co., Ltd., Medlink Healthcare Limited, Tong-Lin Instruments Co., Ltd.	Through 2020
The Company, SenCare Healthcare Company, Chiu Ho Scientific Co., Ltd., Hsin Lin Biotech Co., Ltd., Tomorrow Medical System Co., Ltd., Chiu Ho Medical System Co., Ltd., Treasure of Health Co., Ltd.	Through 2019

(30) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	$ 2.43
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	275	
Employees' compensation	-	6	
Convertible bonds	23,500	28,363	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 405,133	185,673	$ 2.18

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	$ 2.53
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	355	
Employees' compensation	-	7	
Convertible bonds	27,188	56,097	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 393,577	201,416	$ 1.95

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the Board of Directors. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(31) Business combinations

A. On October 6, 2021, the Company acquired 51% of the share capital of Treasure of Health Co., Ltd. for $335,070 and obtained control over Treasure of Health Co., Ltd., a medical instruments and drugs seller operating in the Republic of China. As a result of the acquisition, the Company is expected to expand its business and operating scale.

B. The following table summarises the consideration paid for Treasure of Health Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	October 6, 2021
Purchase consideration	
Cash paid	$ 335,070
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	127,050
	462,120
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and bank deposits	20,042
Accounts receivable	40,762
Inventories	13,293
Prepayments	23,122
Other receivables	2,435
Property, plant and equipment	2,663
Other non-current assets	962
Trademark licenses	130,135
Supply rights	144,438
Notes payable	(23,324)
Accounts payable	(17,261)
Current income tax liabilities	(650)
Other payables	(22,416)
Deferred income tax liabilities	(54,915)
Total identifiable net assets	259,286
Goodwill	$ 202,834

C. The fair value of the acquired identifiable intangible assets was $274,573 (including trademark licences and supply rights). Appraisal reports have been issued for those assets and their reasonableness has been assessed.

D. The operating revenue included in the consolidated statement of comprehensive income since October 6, 2021 contributed by Treasure of Health Co., Ltd. was $117,771. Treasure of Health Co., Ltd. also contributed profit before income tax of $930 over the same period. Had Treasure of Health Co., Ltd. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of $2,478,482 and profit before income tax of $494,394.

(32) Supplemental cash flow information

Information on investing activities with partial cash payments is provided in Notes 6(9), (12) and (31).

(33) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2021	$ 190,234	$1,488,808	$ 2,538,803	$ 74,330	$ 20,291	$ 4,312,466
Changes in cash flow from financing activities	445,977	-	176,788	(13,691)	(6,704)	602,370
Impact of changes in foreign exchange rate	-	-	-	(15)	(26)	(41)
Changes in other non-cash items	-	10,570	15	66,335	-	76,920
December 31, 2021	$ 636,211	$1,499,378	$ 2,715,606	$ 126,959	$ 13,561	$ 4,991,715

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2020	$ 471,591	$1,159,471	$ 2,923,369	$ 30,234	$ 23,585	$ 4,608,250
Changes in cash flow from financing activities	(281,357)	901,126	(384,566)	(10,162)	(3,330)	221,771
Impact of changes in foreign exchange rate	-	-	-	39	36	75
Changes in other non-cash items	-	(571,789)	-	54,219	-	(517,570)
December 31, 2020	$ 190,234	$1,488,808	$ 2,538,803	$ 74,330	$ 20,291	$ 4,312,466

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Yeezen General Hospital	Substantive related party
High-END VISION EYE CENTER	Substantive related party

Names of related parties	Relationship with the Group
Swissray Medical AG	Substantive related party
Shin Shin Healthcare Co., Ltd.	Substantive related party
SWISSRAY ASIA HEAVTHCARE COMPANY LIMITED	Substantive related party
AESolution Biomedical Co., Ltd.	Substantive related party
J. Ab Beauty Co., Ltd.	Substantive related party
Chen Lin Charity Foundation	Substantive related party
Treasure of Health Pharmacy (Nangang)	Substantive related party
Treasure of Health Pharmacy (Donghu)	Substantive related party
Kun-Zhang Su	Substantive related party
CHENG-HSIN Biotechnology Co., Ltd.	Associate

(3) Significant transactions and balances with related parties

A. Operating revenue

(a) Sales revenue

	Years ended December 31,	
	2021	2020
Sales of goods:		
Yeezen General Hospital	$ 168,036	$ 165,661
Substantive related party	22,611	1,340
Associate	710	914
	$ 191,357	$ 167,915

In terms of the transactions between the subsidiaries, Chiu Ho Scientific Co., Ltd., and Treasure of Health Co., Ltd., and the abovementioned related parties, goods are sold based on the price lists in force and terms that would be available to third parties. Hsing-Yeh Biotechnology Co., Ltd. and Chiou Ho Medical System Co., Ltd. and the abovementioned related parties have no other similar transactions that can be used for comparison. The collection period is approximately 1~6 months.

(b) Rental revenue

	Years ended December 31,	
	2021	2020
Rental revenue:		
Substantive related party	$ 74,214	$ 88,851

i. The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd., lease property to the abovementioned related parties. The lease terms are from 2019 to 2025. Lease payments are determined by negotiations between the two parties and are made monthly.

ii. The subsidiaries, Chiu Ho Scientific Co., Ltd., E Century Healthcare Corporation

and Chiu Ho Medical System Co., Ltd., lease medical equipment to the abovementioned related parties. The lease terms are from 2016 to 2031. The monthly lease payment is set as a predetermined percentage of the monthly revenue of the related party. The collection period is between 2 and 6 months.

(c) Royalty income

	Year ended December 31, 2021
Royalty income:	
Substantive related party	$ 1,210

i. Royalty income was collected because the subsidiary, Treasure of Health Co., Ltd., provided trademark licenses to the abovementioned related parties. The licensing fee received in each period is calculated according to the agreed percentage of the abovementioned related parties' monthly sales revenue. The collection term was 2 months.

ii. There were no such transactions for the year ended December 31, 2020.

B. Purchases

	Years ended December 31,	
	2021	2020
Purchases of goods:		
Substantive related party	$ 3,048	$ 1,296

The subsidiaries, Chiu Ho Medical System Co., Ltd., and Chiu Ho (CHINA) Medical Technology Co., Ltd., and the abovementioned related parties have no other similar transactions that can be used for comparison. The collection period is approximately three months.

C. Donation expense (shown as 'operating expenses')

	December 31, 2021	December 31, 2020
Chen Lin Charity Foundation	$ 30,000	$ -

The subsidiaries, Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., Hua Lin Instruments Co., Ltd., E Century Healthcare Corporation and Tong-Lin Instruments Co., Ltd., jointly donated to Chen Lin Charity Foundation for charitable purposes.

D. Notes and accounts receivable

(a) Receivables from related parties:

	December 31, 2021	December 31, 2020
Yeezen General Hospital	$ 191,822	$ 204,154
Substantive related party	11,187	6,362
	203,009	210,516
Less: Allowance for doubtful accounts	-	(46)
	$ 203,009	$ 210,470

(b) Installment accounts receivable (shown as 'accounts receivable - related parties' and 'long-term notes and accounts receivable - related parties')

The subsidiary, Chiu Ho Medical System Co., Ltd., sold equipment to the related parties under installment payment and recognised installment receivables with maturity over a year as long-term installment receivables (shown as 'long-term notes and accounts receivable - related parties').

Reconciliation of the undiscounted total installment accounts receivable and the net installment accounts receivable of the equipment sold under installment payment on December 31, 2021 is provided as follows:

	December 31, 2021		
	Total installment accounts receivable	Unrealised interest income	Net installment accounts receivable
Current			
Substantive related parties	$ 2,208	($ 53)	$ 2,155
Loss allowance	-	-	-
	$ 2,208	($ 53)	$ 2,155
Non-current			
Substantive related parties	$ 1,076	($ 8)	$ 1,068
Loss allowance	-	-	-
	$ 1,076	($ 8)	$ 1,068

The Group has no receivables of the equipment sold to the related parties under installment payment as of December 31, 2020.

(c) The ageing analysis of accounts receivable due from related parties is as follows:

	December 31, 2021	December 31, 2020
Not past due	$ 134,678	$ 140,310
Past due		
Up to 1 month	13,704	9,870
Up to 2 months	16,006	12,334
Up to 3 months	19,940	13,394
Up to 4 months	8,862	18,078
Up to 5 months	13,042	16,530
Up to 6 months	-	-
Over 6 months	-	-
	$ 206,232	$ 210,516

The above receivables included the receivables generated from the Group's business activities of sales and lease of medical equipment and the ageing analysis was based on past due month.

(d) As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of

receivables due from related parties from contracts with customers amounted to $179,165, $182,080, and $197,777, respectively.

(e) Lease payments receivable (shown as 'accounts receivable - related parties' and long-term notes and accounts receivable - related parties)

The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd., Chiu Ho Scientific Co., Ltd., and E Century Healthcare Corporation, lease machinery and other equipment to Yeezen General Hospital under a finance lease. The lease terms are from 2017 to 2026. Based on the terms of the lease contract, the ownership of the equipment shall be transferred to the lessee when the lease expires. In addition, Hsing-Yeh Biotechnology Co., Ltd. leases renovation project assets to CHENG-HSIN Biotechnology Co., Ltd under a finance lease. The lease term is from 2017 to 2024 which is for the major part of economic life of the underlying asset. The lease payments from the aforementioned agreements are expected to be collected on schedule.

As of December 31, 2021 and 2020, reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2021		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 9,775	($ 491)	$ 9,284
CHENG-HSIN Biotechnology Co., Ltd.	13,632	(501)	13,131
Loss allowance	-	-	-
	$ 23,407	($ 992)	$ 22,415
Non-current			
Yeezen General Hospital	$ 10,234	($ 422)	$ 9,812
CHENG-HSIN Biotechnology Co., Ltd.	15,644	(356)	15,288
Loss allowance	-	-	-
	$ 25,878	($ 778)	$ 25,100

	December 31, 2020		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 10,374	($ 624)	$ 9,750
CHENG-HSIN Biotechnology Co., Ltd.	8,939	(710)	8,229
Loss allowance	(1)	-	(1)
	$ 19,312	($ 1,334)	$ 17,978
Non-current			
Yeezen General Hospital	$ 13,227	($ 546)	$ 12,681
CHENG-HSIN Biotechnology Co., Ltd.	24,583	(857)	23,726
Loss allowance	(1)	-	(1)
	$ 37,809	($ 1,403)	$ 36,406

(f) Information relating to credit risk is provided in Note 12(2).

E. Other receivables due from related parties

(a) Loans to related parties

	Year ended December 31, 2021				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Yeezen General Hospital	$ 199,000	$ 159,000	2.5%	$ 4,565	$ -
High-END VISION EYE CENTER	4,500	3,500	2.5%	111	-
	$ 203,500	$ 162,500		$ 4,676	$ -

	Year ended December 31, 2020				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Yeezen General Hospital	$ 198,000	$ 169,000	2.5%	$ 4,513	$ -
High-END VISION EYE CENTER	4,500	4,500	2.5%	111	-
	$ 202,500	$ 173,500		$ 4,624	$ -

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2021	December 31, 2020
Substantive related party	$ 369	$ 369

(c) Receivables of payments on behalf of others for establishment

	December 31, 2021	December 31, 2020
Substantive related party	$ 101	$ -

F. Prepayments - related parties (shown as 'Prepayments')

	December 31, 2021	December 31, 2020
Swissray Medical AG	$ -	$ 121

The subsidiary, Chiu Ho Medical System Co., Ltd., and the abovementioned related party have no other similar transactions that can be used for comparison.

G. Refund liabilities (shown as 'other current liabilities')

	December 31, 2021	December 31, 2020
Yeezen General Hospital	$ -	$ 12,571

Sales discounts are granted based on mutual agreement, and no other similar transaction can be compared with.

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 41,846	$ 41,123
Post-employment benefits	324	324
Share-based payments	356	466
	$ 42,526	$ 41,913

8. PLEDGED ASSETS

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

	Book value		
Assets	December 31, 2021	December 31, 2020	Purpose
Financial assets at amortised cost - non-current			
-Time deposits	$ 208,180	$ 240,885	Performance and customs duty guarantee related to operations
Other non-current assets			
-Restricted bank deposits	24,360	24,607	Collateral for long-term borrowings
Property, plant and equipment (including investment property)			
-Land	1,595,747	1,641,376	Collateral for long-term borrowings
-Buildings and structures	788,947	819,954	Collateral for long-term borrowings
-Leased assets - machinery and equipment	438,756	575,901	Collateral for long-term borrowings
	2,823,450	3,037,231	
	$ 3,055,990	$ 3,302,723	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Please refer to Note 6(17) for commitments related to the syndicated bank loan.

B. As of December 31, 2021 and 2020, capital expenditures on property, plant and equipment and inventories contracted for but not yet incurred were $880,974 and $992,444, respectively.

C. As of December 31, 2021 and 2020, amounts available under unused letters of credit were $47,853 and $319,059, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's subsidiary, Chiu Ho Medical System Co., Ltd., plans to sell the land and the buildings located on the land which were recognised under investment property and transfer the ownership as resolved by the Board of Directors on March 3, 2022. The total amount of disposal is expected to be not lower than $100,000.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 150,864	$ 106,600
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 31,447	$ 35,781

	December 31, 2021	December 31, 2020
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,493,927	$ 1,380,522
Financial assets at amortised cost	542,580	528,425
Notes receivable	43,334	35,756
Accounts receivable (including related parties)	712,506	711,069
Other receivables (including related parties)	169,718	175,022
Other financial assets (shown as 'other non-current assets')	24,360	24,607
Long-term notes and accounts receivable (including related parties)	180,188	191,230
Guarantee deposits paid	235,579	243,218
	$ 3,402,192	$ 3,289,849
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 636,211	$ 190,234
Notes payable	10,568	2,417
Accounts payable	199,510	152,900
Other payables	148,989	101,262
Bonds payable	1,499,378	1,488,808
Long-term borrowings (including current portion and long-term deferred revenue)	2,715,606	2,538,803
Guarantee deposits received	13,561	20,291
	$ 5,223,823	$ 4,494,715
Lease liability	$ 126,959	$ 74,330

B. Financial risk management policies

(a) The Group's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange rate risk from multiple foreign currencies, primarily the US dollar. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Under the Group's financial risk management policy, foreign exchange risk is managed using debt denominated in the relevant foreign currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, HKD or IDR). 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, 2021			Year ended December 31, 2021	
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 8,075	27.68	$ 223,516	1%	$ 2,235
EUR:NTD	3,003	31.32	94,054	1%	941
HKD:NTD	27,101	3.55	96,209	1%	962
USD:RMB	152	6.37	4,207	1%	42
USD:HKD	1,307	7.80	36,178	1%	362
Financial liabilities					
Monetary items					
USD:NTD	3,030	27.68	83,870	1%	839
EUR:NTD	790	31.32	24,743	1%	247
SGD:NTD	1,562	20.46	31,959	1%	320

	December 31, 2020			Year ended December 31, 2020	
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 8,498	28.48	$ 242,023	1%	$ 2,420
HKD:NTD	27,091	3.67	99,424	1%	994
USD:RMB	159	6.51	4,528	1%	45
USD:HKD	1,306	7.75	37,195	1%	372
IDR:NTD	1,194,816	0.00203	2,425	1%	24
Financial liabilities					
Monetary items					
USD:NTD	548	28.48	15,607	1%	156
EUR:NTD	735	35.02	25,740	1%	257
SGD:NTD	1,675	21.56	36,113	1%	361

iv. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to $1,767 and ($17,251), respectively

Price risk

i. The Group is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Group's investments in equity and debt securities comprise domestic and foreign listed and unlisted stocks. The prices of equity and debt securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $15,086 and $10,600, respectively, as a result of gains/losses on equity and debt securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,145 and $3,578, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Long-term

borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Group's borrowings at variable rates are primarily denominated in NTD and USD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $27,156 and $25,388, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or financial instruments on the contract obligations. The main factor is the counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost. According to the Group's credit policy, each local entity in the Group is responsible for managing and assessing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit control supervisor. The utilisation of credit limits is regularly monitored.

ii. If the contract payments were past due over one month based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over three months and up to two years.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

iv. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the modified approach using the provision matrix to estimate expected credit loss.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group took into consideration the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including long-term and related parties) and contract assets. On December 31, 2021 and 2020, the provision matrix is as follows:

December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.01%	$ 954,732	$ 116
Up to 1 month	0.00%~5.86%	16,654	141
Up to 2 months	0.00%~7.55%	17,406	-
Up to 3 months	0.00%~39.24%	20,460	-
Up to 4 months	0.00%~100%	17,862	5
Up to 5 months	0.00%~100%	13,042	-
Up to 6 months	0.00%~100%	-	-
Over 6 months	30%~100%	2,340	2,340
		$ 1,042,496	$ 2,602

December 31, 2020	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1%	$ 946,544	$ 229
Up to 1 month	0.00%~3.70%	18,994	135
Up to 2 months	0.00%~6.72%	16,440	13
Up to 3 months	0.00%~37.84%	18,844	1,161
Up to 4 months	0.00%~100%	18,122	-
Up to 5 months	0.00%~100%	16,574	-
Up to 6 months	0.00%~100%	188	157
Over 6 months	30%~100%	1,188	596
		$ 1,036,894	$ 2,291

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, contract assets, notes receivable, long-term and short-term lease payments receivable are as follows:

	2021			
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)
At January 1	$ 2,263	$ 26	$ -	$ 2
Provision for impairment	1,298	-	-	-
Reversal of impairment	(954)	(26)	-	(2)
Effect of foreign exchange	(5)	-	-	-
At December 31	$ 2,602	$ -	$ -	$ -

	2020			
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)
At January 1	$ 2,111	$ 31	$ 7	$ 3
Provision for impairment	1,099	-	-	-
Reversal of impairment	(196)	(5)	(7)	(1)
Write-offs	(759)	-	-	-
Effect of foreign exchange	8	-	-	-
At December 31	$ 2,263	$ 26	$ -	$ 2

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

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

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 639,264	$ -	$ -	$ -
Notes payable	10,568	-	-	-
Accounts payable	199,510	-	-	-
Other payables	148,989	-	-	-
Lease liability	20,436	18,905	38,486	62,588
Bonds payable and embedded derivative instruments	-	-	1,537,875	-
Long-term borrowings (including current portion)	357,954	2,057,355	209,875	175,657

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 191,159	$ -	$ -	$ -
Notes payable	2,417	-	-	-
Accounts payable	152,900	-	-	-
Other payables	101,262	-	-	-
Lease liability	12,612	9,854	21,297	40,475
Bonds payable and embedded derivative instruments (including current portion)	-	-	1,537,875	-
Long-term borrowings (including current portion)	352,138	332,153	1,907,866	60,335

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Fair value information of investment property at cost is provided in Note 6(12).

C. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes and accounts receivable (including related parties), guarantee deposits paid, other financial assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including the portion due within one year or one business cycle and long-term deferred revenue), bonds payable, guarantee deposits received and lease liability.

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

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 89,890	$ -	$ 1,014	$ 90,904
Debt instruments	-	-	59,960	59,960
Financial assets at fair value through other comprehensive income				
Equity securities	12,406	-	19,041	31,447
	$ 102,296	$ -	$ 80,015	$182,311

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 106,000	$ -	$ -	$106,000
Derivative instruments	-	-	600	600
Financial assets at fair value through other comprehensive income				
Equity securities	16,740	-	19,041	35,781
	$ 122,740	$ -	$ 19,641	$142,381

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

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

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

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020.

	2021			
	Equity securities	Debt instruments	Derivative financial instruments	Total
At January 1	$ 19,041	$ -	$ 600	$ 19,641
Gains and losses recognised in profit or loss	-	-	(600)	(600)
Acquired during the year	1,014	59,960	-	60,974
At December 31	$ 20,055	$ 59,960	$ -	$ 80,015

	2020		
	Equity securities	Derivative financial instruments	Total
At January 1	$ 31,325	$ 70	$ 31,395
Gains and losses recognised in profit or loss	-	(520)	(520)
Gains and losses recognised in other comprehensive income	(12,284)	-	(12,284)
Issuance of convertible bonds	-	1,050	1,050
At December 31	$ 19,041	$ 600	$ 19,641

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

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

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 19,041	Market comparable companies	Price to book ratio multiple	2.96 (2.96)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	-	Net asset value	Not applicable	-	Not applicable
Unlisted stocks	1,014	Most recent non-active market price	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Unlisted stocks	59,960	Most recent non-active market price	Not applicable	-	Not applicable
Hybrid instrument:					
Convertible bonds	-	Binomial Model	Volatility	19.10% (19.10%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	0.5655% (0.5655%)	

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 19,041	Market comparable companies	Price to book ratio multiple	2.96 (2.96)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	-	Net asset value	Not applicable	-	Not applicable
Hybrid instrument:					
Convertible bonds	600	Binomial Model	Volatility	31.70% (31.70%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	0.5549% (0.5549%)	

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2021 and 2020.

(4) The impact of the Covid-19 pandemic

During the Covid-19 pandemic, the Group was able to maintain its normal operations amidst the various preventive measures imposed by the government. Based on the Group's assessment, the pandemic had no significant impact on its ability to continue as a going concern, impairment of assets and financing risks.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The following intercompany transactions between the Company and its subsidiaries or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) (16) and 12(3).

J. Significant inter-company transactions during the reporting periods: None exceeds 100 million.

(2) Information on investees

(The following intercompany transactions between the Company and its subsidaires or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

(The following intercompany transactions between the Company and its subsidaires or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

A. Basic information: Please refer to table 8.

B. Limits on investments in Mainland China: Please refer to table 8.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: There were no significant transactions.

(4) Major shareholders information

Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets and liabilities of individual departments are not disclosed.

(2) Measurement of segment information

The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets and liabilities of individual departments are not disclosed.

(3) Information on products and services

Because the Company and its subsidiaries are all engaged in sales of drugs and sales, rent and installment and maintenance of medical devices, information on products and services is the same with the financial information provided in Note 6 (23).

(4) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 2,381,216	$ 7,749,392	$ 2,488,500	$ 7,305,098
China	48,855	196,315	58,386	120,020
Others	9,493	185	8,025	-
	$ 2,439,564	$ 7,945,892	$ 2,554,911	$ 7,425,118

Note: Revenue was reclassified based on the country where the customers are located.

(5) Major customer information

	Years ended December 31,	
	2021	2020
	Revenue	Revenue
Customer A	$ 235,486	$ 248,610

CHC Healthcare Group and Subsidiaries

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 480,000	$ 400,000	$ 73,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 608,452	$ 2,443,808	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	100,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	300,000	300,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	500,000	350,000	50,000	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Medlink Healthcare Limited	Other receivables	Y	100,000	-	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	150,000	150,000	30,000	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Hua Lin Instruments Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Chiu Ho Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	4,500	3,500	3,500	2.5%	Business transaction	5,337	-	-	None	-	5,337	74,685	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y	199,000	159,000	159,000	2.5%	Business transaction	201,896	-	-	None	-	198,903	397,807	
						$ 1,472,500	$ 315,500										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 12,169,042	$ 1,562,000	$ 1,412,000	$ 300,659	$ -	23.21%	$ 18,253,563	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	12,169,042	1,520,000	1,410,000	1,032,575	-	23.17%	18,253,563	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	12,169,042	200,000	150,000	15,352	-	2.47%	18,253,563	Y	N	N	
0	The Company	E Century Healthcare Corporation	2	12,169,042	57,000	-	-	-	0.00%	18,253,563	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	12,169,042	100,000	100,000	34,461	-	1.64%	18,253,563	Y	N	N	
0	The Company	Shin-Ho Instruments Co., Ltd.	2	12,169,042	771,000	771,000	238,480	-	12.67%	18,253,563	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,989,036	828,236	828,236	704,000	828,236	83.28%	2,983,554	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,989,036	575,164	575,164	547,887	575,164	57.83%	2,983,554	N	N	N	
2	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	245,608	43,840	43,440	21,720	-	35.37%	$ 368,412	N	N	Y	
						$ 5,289,840	$ 2,895,134	$ 1,403,400						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group and Subsidiaries

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

December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stocks–Evergreen Marine Co., Ltd.	-	Financial asset at fair value through profit or loss - current	240,000	$ 34,200	0.00%	34,200	
The Company	Common stocks–Yang Ming Transport Co., Ltd.	-	Financial asset at fair value through profit or loss - current	240,000	29,040	0.01%	29,040	
The Company	Common stocks–Evergreen Aviation Technologies Co., Ltd.	-	Financial asset at fair value through profit or loss - current	16,347	1,014	0.00%	1,014	
The Company	Common stocks–United Microelectronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	410,000	26,650	0.00%	26,650	
The Company	Common stocks–S&S Healthcare Holding Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	1,988,100	12,406	2.47%	12,406	
Chiu Ho Medical System Co., Ltd.	Preference stocks–Asto CT	-	Financial asset at fair value through profit or loss - non-current	55,089	59,960	3.14%	59,960	
Chiu Ho Medical System Co., Ltd.	Common stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	4.12%	-	
Chiu Ho Medical System Co., Ltd.	Common stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

CHC Healthcare Group and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition (Note)		Disposal				Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Common stocks–Treasure of Health Co., Ltd.	Investments accounted for using the equity method	Errand Co., Ltd. and individual shareholders	-	-	$ -	1,071,000	$ 333,526	-	-	-	-	1,071,000	$ 333,526

Note: The amount included acquisition cost of $335,070 and investment loss recognised for the year of ($1,544).

CHC Healthcare Group and Subsidiaries

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

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 201,896	97%	6 months	-	-	$ 189,345	87%	Note

Note 1: Sales amount includes rental revenue.

Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $189,345	1.03	$ 70,582	In collection	$ 26,708	$ -
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Other receivables: $159,000	0.00	-	-	104,000	-

Note 1: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables in the parent company only financial statements, and thus the turnover rate is not applicable.
Note 2: The subsequent collections were amounts collected as of March 23, 2022.

CHC Healthcare Group and Subsidiaries

Information on investees

For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,956,388	390,000,000	100.00%	$ 4,409,733	$ 198,693	$ 186,063	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	413,484	413,484	70,800,000	100.00%	821,673	42,208	42,208	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	186,712	58,802	58,802	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	247,182	317,182	26,000,000	100.00%	276,764	6,805	6,805	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	219,171	119,171	21,300,000	100.00%	209,029	(6,023)	(6,023)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	371,183	371,183	40,000,000	100.00%	478,958	33,104	33,148	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	381,815	451,815	41,600,000	100.00%	519,995	39,393	39,393	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	85,929	85,929	8,000,000	100.00%	86,234	4,035	4,035	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	556,151	556,151	60,000,000	100.00%	792,125	53,026	53,026	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	395,081	(11,750)	(11,750)	Subsidiary (Note 1)
The Company	Treasure of Health Co., Ltd.	Taiwan	Drug and health supplements sale	335,070	-	1,071,000	51.00%	333,526	3,872	(1,544)	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	$ 3,593	$ 3,697	100,000	100.00%	$ 36,625	$ 183	$ 199	Subsidiary
Chiu Ho Medical System Co., Ltd.	Medlink Healthcare Limited	Taiwan	Medical instrument sale	-	1,545,300	-	-	-	-	-	Subsidiary (Note 2)
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service and elderly residence	194,000	194,000	19,400,000	65.99%	190,986	(1,569)	(1,035)	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	5,358	3,398	2,566	100.00%	639	(1,032)	(1,032)	Subsidiary (Note 1)
Chiu Ho Medical System Co., Ltd.	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	-	93,600,000	100.00%	1,608,967	30,282	25,071	Subsidiary (Note 2)
Medlink Healthcare Limited	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	-	1,513,464	-	-	-	-	-	Subsidiary (Note 2)
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	8,641	29,986	8,641	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	28,595	(2,019)	(1,959)	Subsidiary (Note 3)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: The Group reorganised and merged Medlink Healthcare Limited into Chiu Ho Medical System Co., Ltd., with Chiu Ho Medical System Co., Ltd. as the surviving company.
Note 3: Investee was organised as an associate.

CHC Healthcare Group and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 263,037	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 263,037	$ -	$ -	$ 263,037	($ 8,435)	100%	($ 8,429)	$ 227,706	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	208,829	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	208,829	-	-	208,829	(3,474)	100%	(3,474)	122,804	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 471,866	$ 608,976	$ 3,788,314

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group and Subsidiaries

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.54%
Tien-Ying Lee	9,413,985	5.84%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying parent company only balance sheets of CHC Healthcare Group (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 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 2021 parent company only financial statements are stated as

follows:

Assessment of investments accounted for using equity method

Refer to Note 4(11) for accounting policy on investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(4) for details of investments accounted for using equity method.

Assessment of the reasonableness of the purchase price allocation for business combination

Description

On October 6, 2021, the Company acquired 51% of the share capital of Treasure of Health Co., Ltd. for $335,070 thousand which is shown as part of investments accounted for using the equity method. As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management's estimation and involve accounting estimations and assumptions, we considered this equity price allocation transaction as a key audit matter.

How our audit addresses the matter

We obtained an understanding of the basis and process of the purchase price allocation estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flows, and the fair value calculation model used in the purchase price allocation report by the appraisers appointed by the Company. Our procedures include the following:

A. Assessing the setting of parameters of valuation models and calculation formulas;
B. Comparing expected growth rate and operating margin with historical data, economic and industry forecasts; and
C. Comparing the discount rate with the cost of capital assumptions of cash generating units and the rate of return of similar assets.

Impairment assessment of Chiu Ho Medical System Co., Ltd., the company's subsidiary

As of December 31, 2021, the Company's subsidiary, Chiu Ho Medical System Co., Ltd. and its subsidiaries ("Chiu Ho Medical Group"), recognised investments accounted for using equity method and investment income amounting to NT$4,409,733 thousand and NT$186,063 thousand, respectively. Because Chiu Ho Medical Group's investments accounted for using equity method constituted 48% of the Company's total assets as of December 31, 2021, and investment income constituted 49% of the

Company's profit before tax for the year ended December 31, 2021, which are significant to the Company's financial statements, we identified the assessment of investments accounted for using equity method as a key audit matter as well as the key audit matters, impairment assessment of goodwill and property, plant and equipment, included in Chiu Ho Medical Group's financial statements. The key audit matters in relation to Chiu Ho Medical Group's financial statements for the year ended December 31, 2021 are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2021, after identifying the smallest cash generating unit which can generate independent cash flows, Chiu Ho Medical Group used the recoverable amount of each cash generating unit to assess whether goodwill arising from business combination may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgement and have high uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

How our audit addressed the matter

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

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

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

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

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

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

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

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

Impairment assessment of property, plant and equipment

Description

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal controls.

B. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the current period and are therefore the key audit matters. We describe these matters in our report unless the 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan
March 23, 2022

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

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

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 271,845	3	$ 145,791	2
1110	Financial assets at fair value through profit or loss - current	6(2)(17)	90,904	1	106,000	1
1180	Accounts receivable - related parties	7	210	-	-	-
1200	Other receivables		4	-	500	-
1210	Other receivables due from related parties	7	155,142	2	442,521	5
1220	Current tax assets		69	-	952	-
1410	Prepayments		6,751	-	7,696	-
11XX	**Total current assets**		524,925	6	703,460	8
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	-	-	600	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	12,406	-	16,740	-
1550	Investments accounted for using equity method	6(4)	8,509,830	93	8,039,186	91
1600	Property, plant and equipment		705	-	601	-
1755	Right-of-use assets	6(5) and 7	9,942	-	16,960	-
1840	Deferred tax assets	6(20)	60,893	1	61,504	1
1990	Other non-current assets	8	5,856	-	6,640	-
15XX	**Total non-current assets**		8,599,632	94	8,142,231	92
1XXX	**Total assets**		$ 9,124,557	100	$ 8,845,691	100

(Continued)

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(6)	$ 280,000	3	$ 100,000	1
2150	Notes payable		135	-	135	-
2200	Other payables		24,790	-	20,919	-
2230	Current tax liabilities		-	-	1,765	-
2280	Current lease liabilities	6(18) and 7	7,090	-	6,966	-
2320	Long-term liabilities, current portion	6(8) and 8	144,000	2	144,000	2
2399	Other current liabilities		917	-	846	-
21XX	**Total current liabilities**		456,932	5	274,631	3
	Non-current liabilities					
2530	Bonds payable	6(7)	1,499,378	16	1,488,808	17
2540	Long-term borrowings	6(8) and 8	1,080,000	12	1,224,000	14
2570	Deferred tax liabilities	6(20)	734	-	734	-
2580	Non-current lease liabilities	6(18) and 7	2,992	-	10,081	-
25XX	**Total non-current liabilities**		2,583,104	28	2,723,623	31
2XXX	**Total liabilities**		3,040,036	33	2,998,254	34
	Equity					
	Share capital	6(11)				
3110	Common stock		1,610,536	18	1,570,439	18
	Capital surplus	6(7)(10)(12)				
3200	Capital surplus		3,533,299	39	3,427,278	39
	Retained earnings	6(13)				
3310	Legal reserve		353,704	4	317,065	4
3320	Special reserve		387,124	4	387,852	4
3350	Unappropriated retained earnings		595,565	7	566,883	6
	Other equity	6(3)				
3400	Other equity		(395,707)	(5)	(387,124)	(5)
3500	**Treasury shares**	6(11)	-	-	(34,956)	-
3XXX	**Total equity**		6,084,521	67	5,847,437	66
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 9,124,557	100	$ 8,845,691	100

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenue**	6(14) and 7	$ 544,496	100	$ 500,575	100
5000	**Operating costs**	6(9)(10)(19) and 7	(116,012)	(21)	(109,029)	(22)
5900	**Gross profit**		428,484	79	391,546	78
	Non-operating income and expenses					
7100	Interest income	6(15) and 7	5,786	1	9,798	2
7010	Other income	6(16)	2,033	-	1,027	-
7020	Other gains and losses	6(2)(17)	(4,326)	(1)	22,195	5
7050	Finance costs	6(18) and 7	(48,891)	(9)	(55,048)	(11)
7000	**Total non-operating income and expenses**		(45,398)	(9)	(22,028)	(4)
7900	**Profit before income tax**		383,086	70	369,518	74
7950	Income tax expense	6(20)	(1,453)	-	(3,129)	(1)
8200	**Profit for the year**		$ 381,633	70	$ 366,389	73
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 4,334)	(1)	$ 9,384	2
8330	Share of other comprehensive income (loss) of subsidiary, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	(12,284)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(4,269)	-	3,681	1
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(20)	-	(53)	-
8300	**Other comprehensive (loss) income for the year**		($ 8583)	(1)	$ 728	-
8500	**Total comprehensive income for the year**		$ 373,050	69	$ 367,117	73
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(21)	$	2.43	$	2.53
9850	Diluted earnings per share	6(21)	$	2.18	$	1.95

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Reserves					Retained Earnings			Other Equity Interest			
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee share options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
2020													
Balance at January 1, 2020		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144
Profit for the year		-	-	-	-	-	-	-	366,389	-	-	-	366,389
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	3,628	(2,900)	-	728
Total comprehensive income (loss)		-	-	-	-	-	-	-	366,389	3,628	(2,900)	-	367,117
Appropriations of 2019 earnings	6(13)												
Legal reserve		-	-	-	-	-	39,517	-	(39,517)	-	-	-	-
Special reserve		-	-	-	-	-	-	24,231	(24,231)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(281,267)	-	-	-	(281,267)
Conversion of convertible bonds	6(7)(11)	151,509	424,330	-	-	(14,446)	-	-	-	-	-	-	561,393
Issuance of convertible bonds	6(7)	-	-	-	-	25,350	-	-	-	-	-	-	25,350
Exercise of employee stock options	6(10)(11)	2,595	7,840	-	(2,195)	-	-	-	-	-	-	-	8,240
Compensation cost of employee stock options	6(10)	-	-	-	1,482	-	-	-	-	-	-	-	1,482
Compensation cost of employee stock options of subsidiaries		-	-	-	2,978	-	-	-	-	-	-	-	2,978
Expired employee stock options		-	-	-	(74)	74	-	-	-	-	-	-	-
Balance at December 31, 2020		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437
2021													
Balance at January 1, 2021		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437
Profit for the year		-	-	-	-	-	-	-	381,633	-	-	-	381,633
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	(4,249)	(4,334)	-	(8,583)
Total comprehensive income (loss)		-	-	-	-	-	-	-	381,633	(4,249)	(4,334)	-	373,050
Appropriations of 2020 earnings	6(13)												
Legal reserve		-	-	-	-	-	36,639	-	(36,639)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(313,648)	-	-	-	(313,648)
Special reserve		-	-	-	-	-	-	(728)	728	-	-	-	-
Issuance of shares	6(11)	47,220	118,522	-	-	-	-	-	-	-	-	-	165,742
Decrease in treasury shares	6(11)	(10,000)	(21,391)	(173)	-	-	-	-	(3,392)	-	-	34,956	-
Exercise of employee stock options	6(10)(11)	2,877	8,451	-	(2,594)	-	-	-	-	-	-	-	8,734
Compensation cost of employee stock options	6(10)	-	-	-	1,131	-	-	-	-	-	-	-	1,131
Compensation cost of employee stock options of subsidiaries		-	-	-	2,075	-	-	-	-	-	-	-	2,075
Balance at December 31, 2021		$ 1,610,536	$ 3,462,388	$ -	$ 11,766	$ 59,145	$ 353,704	$ 387,124	$ 595,565	($ 45,539)	($ 350,168)	$ -	$ 6,084,521

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 383,086	$ 369,518
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charge	6(19)	7,289	4,844
Amortisation charge	6(19)	196	457
Gain on financial assets or liabilities at fair value through profit or loss	6(2)(17)	964	(26,738)
Interest expense	6(18)	38,321	41,126
Interest income	6(15)	(5,786)	(9,798)
Dividend income	6(16)	(1,048)	(1,015)
Compensation cost of employee stock options	6(10)(19)	1,131	1,482
Share of profit of associates and joint ventures accounted for using equity method	6(14)	(404,163)	(365,446)
Amortisation of discount on bonds payable	6(18)	10,570	13,922
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		14,732	(7,463)
Accounts receivable - related parties		(210)	-
Other receivables		-	(1,368)
Prepayments		945	(2,567)
Other non-current assets		(62)	-
Changes in operating liabilities			
Notes payable		-	(460)
Other payables		3,835	185
Other current liabilities		72	26
Cash inflow generated from operations		49,872	16,705
Interest received during the year		9,161	9,798
Dividends received during the year		227,962	263,008
Interest paid during the year		(38,342)	(41,056)
Income tax (paid) refund		(1,724)	(403)
Net cash flows from operating activities		246,929	248,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortised cost		-	53,096
Decrease (increase) in other receivables due from related parties	7	284,000	(151,000)
Acquisition of investments accounted for using equity method	6(4) and 7	(435,070)	(935,400)
Proceeds from capital reduction of investments accounted for using equity method	7	140,000	70,000
Acquisition of property, plant and equipment		(318)	(400)
Proceeds from disposal of property, plant and equipment	7	-	23
Decrease in refundable deposits		-	392
Decrease in other non-current assets		650	700
Net cash flows used in investing activities		(10,738)	(962,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(22)	(1,170,000)	-
Increase in short-term loans	6(22)	1,350,000	100,000
Repayments of lease liabilities	6(22)	(6,965)	(4,007)
Proceeds from issuance of bonds	6(7)	-	1,515,000
Repayments of bonds	6(7)	-	(607,600)
Issuance cost of bonds payable		-	(6,274)
Repayments of long-term debt	6(22)	(144,000)	(72,000)
Proceeds from issuance of shares	6(11)	165,742	-
Exercise of employee stock options		8,734	8,240
Payment of cash dividends	6(13)	(313,648)	(281,267)
Net cash flows from financing activities		(110,137)	652,092
Increase (decrease) in cash and cash equivalents		126,054	(62,445)
Cash and cash equivalents at beginning of year		145,791	208,236
Cash and cash equivalents at end of year		$ 271,845	$ 145,791

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group ("CHC" or the "Company") was establihsed in November 2009. The Company was established for the purpose of enhancing the comprehensive performance in Greater China and implementing organisational restructuring with Chiu Ho Medical System Co., Ltd. and other affliates. The Company was listed on the Taiwan Stock Exchange on October 24, 2012. The Company is primarily engaged in holding investments in various businesses.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 23, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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 2022 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets at fair value through other comprehensive income.

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances
   (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
   (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
   (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains or losses".

B. Translation of foreign operations

   The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
   (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

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

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

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

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

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

of the dividend can be measured reliably.

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

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

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

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

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

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

(10) Derecognition of financial assets

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

(11) Investments accounted for using equity method – subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses occurred from the transactions between the Company and

subsidiaries have been offset. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise loss proportionately to its ownership.

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

E. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(12) Property, plant and equipment

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

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

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

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

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

Transportation equipment	5 years
Other equipment	2 ~ 5 years

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

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

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

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

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

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

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

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

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

(14) Impairment of non-financial assets

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

(15) 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.

(16) Notes and accounts payable

A. Accounts payable are liabilities for services and notes payable are those resulting from

operating and non-operating activities.

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

(17) Convertible bonds payable

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

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

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

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

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

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

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(21) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that the subscription price and shares are determined.

(22) Income tax

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

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

as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

(23) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) 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.

(25) Revenue recognition

A. Investment revenue

The Company recognises share of profit or loss of subsidiaries and associates generated after acquisition in revenue or cost.

B. Sales of services

(a) The Company provided administrative resources and management services to subsidiaries, and the revenue will have to be recognised based on the stage of completion at the balance sheet date.

(b) If the outcome of providing services cannot be estimated reliably, revenue is recognised only to the extent that costs incurred are likely to be recoverable. If the incurred costs are likely to be recovered, revenue is recognised to the extent that costs incurred are likely to be recoverable; if the incurred costs are not likely to be recovered, revenue shall not be recognised, and the incurred costs shall be recognised in expenses.

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

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

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

Except for the accounting estimations (detailed in (2) below), the management does not make any judgement that significant affect the recognised amounts in parent company only financial statements when applying the Company's accounting polices.

(2) Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Checking accounts and demand deposits	$ 176,022	$ 145,791
Time deposits	95,823	-
	$ 271,845	$ 145,791

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

B. The Company classified restricted cash and cash equivalents pledged to others as other non-current assets. Please refer to Note 8 for details.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 80,751	$ 99,427
Unlisted stocks	1,014	-
Valuation adjustment	9,139	6,573
	$ 90,904	$ 106,000
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
(Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	$ 1,050	$ 1,050
Valuation adjustment	(1,050)	(450)
	$ -	$ 600

For the years ended December 31, 2021 and 2020, net gain (loss) on financial assets at fair value through profit or loss was ($964) and $26,738, respectively, shown as ‘other gains and losses’.

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Listed stocks	$ 340,215	$ 340,215
Valuation adjustment	(327,809)	(323,475)
	$ 12,406	$ 16,740

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $12,406 and $16,740 as at December 31, 2021 and 2020, respectively.

B. The Company recognised ($4,334) and $9,384 in other comprehensive income (loss) for fair value change for the years ended December 31, 2021 and 2020, respectively.

(4) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 4,409,733	$ 4,257,012
Tomorrow Medical System Co., Ltd.	821,673	794,631
Chiu Ho Scientific Co., Ltd.	186,712	155,121
Chiu Ho Biotech Co., Ltd.	276,764	346,921
Shin-Ho Instruments Co., Ltd.	209,029	115,048
Tong-Lin Instruments Co., Ltd.	478,958	480,835
Hua Lin Instruments Co., Ltd.	519,995	584,091
Hsin Lin Biotech Co., Ltd.	86,234	82,199
E Century Healthcare Corporation	792,125	812,228
CHC Healthcare (BVI) Limited	395,081	411,100
Treasure of Health Co., Ltd.	333,526	-
	$ 8,509,830	$ 8,039,186

A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2021.

B. In October 2021, the Company acquired 51% of the share capital of Treasure of Health Co., Ltd. for $335,070 and obtained control over Treasure of Health Co., Ltd. Please refer to Note 6(31) of the Company's consolidated financial statements as of and for the year ended December 31, 2021.

(5) Leasing arrangements-lessee

A. The Company leases buildings from subsidiary, Chiu Ho Medical. Rental contracts are typically made for periods of 3 years. Rents are paid at the beginning of the month. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise office and warehouse.

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

	December 31, 2021	December 31, 2020
	Book value	Depreciation charge
Buildings	$ 9,942	$ 16,960

	Year ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Buildings	$ 7,018	$ 4,094

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets was $0 and $21,054, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 234	$ 193
Expense on short-term lease contracts	222	1,481

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases was $7,421 and $5,681, respectively.

(6) Short-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Bank borrowings		
Credit borrowings	$ 280,000	$ 100,000
Interest rate range	0.80%~1.10%	1.05%

For the years ended December 31, 2021 and 2020, the Company has no asset pledged as collateral for short-term borrowings.

(7) Bonds payable

	December 31, 2021	December 31, 2020
Bonds payable	$ 1,537,875	$ 1,537,875
Less: Discount on bonds payable	(38,497)	(49,067)
Current portion or exercise of put options	-	-
	$ 1,499,378	$ 1,488,808

A. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the third domestic secured convertible bonds totalling $1,200,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 2, 2017 ~ November 2, 2020) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 2, 2017.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$42 (in dollars). On July 15, 2018, July 15, 2019 and July 18, 2020, the Company adjusted the conversion price per share to NT$40.6, NT$38.8 and NT$37.1 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) On August 17, 2018, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.
b. Debt ratio must equal to or less than 150%.
c. Interest coverage ratio must be 3 or higher.
d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(g) The convertible bonds matured on November 2, 2020. Part of the bonds were converted into 15,932 thousand shares of common stock, and the remaining unconverted bonds were redeemed at $607,600 by cash. The Company transferred the forfeited stock options of $15,617 to capital surplus-forfeited stock options (shown as capital surplus-others).

B. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totalling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs

subsequently. The conversion price on the issue date is NT$53.9 (in dollars). On November 29, 2021 and August 3, 2021, the Company adjusted the conversion price per share to NT$50.9 and NT$51.0 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2021. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2021, the effective interest rate of the bonds payable after such separation was 0.7077%.

C. There were no assets pledged as collateral for the fourth domestic bonds.

(8) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2021	December 31, 2020
Bank borrowings			
Secured borrowings	2018.11.29~2023.11.29	$ 1,224,000	$ 1,368,000
Less: Current portion		(144,000)	(144,000)
		$ 1,080,000	$ 1,224,000
Interest rate		1.8%	1.8%

A In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay the commitment fee to syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must be equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/ indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd., Medlink Healthcare Limited and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd., respectively, and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to a third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(9) Pensions

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

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were $2,169 and $2,184, respectively.

(10) Share-based payment

A. As of December 31, 2021 and 2020, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-106	2018.4.13	2,000 (Note 2)	7 years	(Note 1)

Note 1: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule and proportion specified in the plan.

Note 2: 1,262 thousand shares of which were granted to the employees of subsidiaries and second-tier subsidiaries.

B. Details of the share-based payment arrangements are as follows:

	2021		2020	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,646	$ 30.50	1,980	$ 31.90
Options forfeited	-	-	(75)	31.03
Options exercised	(288)	30.36	(259)	31.75
Options outstanding at December 31	1,358	28.80	1,646	30.50
Options exercisable at December 31	411		225	

C. As of December 31, 2021 and 2020, number of options outstanding granted to the employees of subsidiaries and second-tier subsidiaries were 878 thousand shares and 1,059 thousand shares, respectively, and number of options exercisable were 265 thousand shares and 139 shares, respectively.

D. For the years ended December 31, 2021 and 2020, the weighted-average stock price of stock options on exercise dates were NT$38.28 and NT$41.66 (in dollars), respectively.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2021		December 31, 2020	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	1,358	$ 28.80	1,646	$ 30.50

F. The Black-scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-106	2018.4.13	$ 34.50	$ 34.5	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

G. Expenses incurred on the Company's share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	$ 1,131	$ 1,482

H. On November 29, 2021, August 3, 2021 and July 18, 2020, the exercise prices of employee stock options-106 were adjusted to NT$28.8, NT$28.8 and NT$30.5 (in dollars), respectively, according to the rules of the employee stock option plan. The adjustment of exercise prices had no significant impact on the fair value of the aforementioned stock options.

(11) Share capital

A. As of December 31, 2021, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,610,536 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The aforementioned paid-in capital included 288 thousand shares of employee share options exercised for the year ended December 31, 2021. The Company has applied to the regulatory authority for registration of the changes in capital on January 12, 2022, and the registration was completed on January 19, 2022.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(In thousands of shares)	
	2021	2020
At January 1	156,044	140,634
Employee stock options exercised	288	259
Cash capital increase - private placement	4,722	-
Bonds payable converted	-	15,151
At December 31	161,054	156,044

B. To attract strategic investors, strengthen the Company's financial structure, enrich working capital and improve the benefits of future competitiveness, the stockholders at their annual stockholders' meeting on July 1, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 20,000 thousand shares. The capital increase shall be processed in installments (no more than three times) within one year from the date of the resolution of the stockholders' meeting. The stockholders authorised the Board of Directors to determine the actual pricing date and issuance price within the range of not less than the percentage of the resolution of the stockholders' meeting considering the situation of the specific person and the market in the future. As resolved by the Board of Directors on October 6, 2021, the first effective date was on October 13, 2021, and the number of shares issued was 4,722 thousand shares at the subscription price of $35.1 (in dollars) per share. The amount of capital raised through the private placement was $165,742 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares

raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(In thousands of shares)

		December 31, 2021		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount	Number of shares	Carrying amount
The Company	To be reissued to employees	-	$ -	1,000	$ 34,956

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) As resolved by the Board of Directors on August 13, 2018, the Company reacquired its shares from the Stock Exchange Market to be reissued to employees from August 14, 2018 to October 13, 2018. The aforementioned acquisition of treasury shares had been completed on October 12, 2018 and the number of shares reacquired was 1,000 thousand shares, totalling $34,956. The registration of retirement of treasury shares not reissued to employees had been completed on November 12, 2021.

(12) Capital surplus

A. Pursuant to Paragraph 4, Article 30 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such

increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2021, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

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

C. Please refer to Note 6(10) for information on capital surplus - employee stock options.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years shall be proposed by the Board of Directors for appropriation. The proposal for the appropriation of earnings shall be approved by the shareholders if dividends are distributed by issuing new shares and shall be reported to the shareholders during their meeting after being specially resolved by the Board of Directors if dividends are distributed in the form of cash

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

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

D. The proposal on 2020 and 2019 earnings appropriations which were resolved at the shareholders' meeting on July 1, 2021 and June 12, 2020, respectively, are as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 36,639		$ 39,517	
Special reserve	-		24,231	
Reversal of special reserve	(728)		-	
Cash dividends	313,648	$ 2.01	281,267	$ 2.0
	$ 349,559		$ 345,015	

The aforementioned earnings appropriations for the years ended December 31, 2020 and 2019 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 19, 2021 and March 23, 2020, respectively, and the ex-dividend dates resolved in the same meetings were August 3, 2021 and July 18, 2020, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2021 earnings as resolved by the Board of Directors on March 23, 2022 are as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,163	
Special reserve	8,584	
Cash dividends	323,879	$ 2.01
	$ 370,626	

(14) Operating revenue

	Years ended December 31,	
	2021	2020
Investment revenue	$ 404,163	$ 365,446
Revenue from customer contracts		
Timing of revenue recognition-over time		
- internal customers - management service revenue	140,333	135,129
	$ 544,496	$ 500,575

(15) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 62	$ 117
Interest income from financial assets measured at amortised cost	-	36
Other interest income	5,724	9,645
	$ 5,786	$ 9,798

(16) Other income

	Years ended December 31,	
	2021	2020
Dividend income	$ 1,048	$ 1,015
Other income	985	12
	$ 2,033	$ 1,027

(17) Other gains and losses

	Years ended December 31,	
	2021	2020
Net currency exchange losses	($ 3,344)	($ 4,543)
Net (loss) gains on financial assets and liabilities at fair value through profit or loss	(964)	26,738
Other losses	(18)	-
	($ 4,326)	$ 22,195

(18) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	$ 25,757	$ 28,167
Convertible bonds	10,570	13,922
Lease liability	234	193
Financial expense, others	12,330	12,766
	$ 48,891	$ 55,048

(19) Expenses by nature

	Years ended December 31,			
	2021		2020	
Employee benefit expense	Operating Cost	Operating Expense	Operating Cost	Operating Expense
Wages and salaries	$ 76,170	$ -	$ 71,927	$ -
Employee stock options	1,131	-	1,482	-
Laboar and health insurance fees	4,746	-	4,350	-
Pension costs	2,169	-	2,184	-
Directors' remuneration	6,252	-	6,251	-
Other personnel expenses	1,859	-	1,848	-
Depreciation charge	7,289	-	4,844	-
Amortisation expense	196	-	457	-
	$ 99,812	$ -	$ 93,343	$ -

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e. profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' remuneration.

   The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance, and must be reported to the shareholders.

   Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $199 and $200, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

   Employees' compensation of $200 and directors' remuneration of $5,600 for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	$ -	$ 51
Tax on undistributed surplus earnings	842	2,508
Total current tax	842	2,559
Deferred tax		
Origination and reversal of temporary differences	611	570
Income tax expense	$ 1,453	$ 3,129

(b) Reconciliation between income tax benefit and accounting profit:

	Years ended December 31,	
	2021	2020
Income tax calculated based on profit before tax and statutory tax rate	$ 76,617	$ 73,904
Expenses disallowed by tax regulation	2,715	1,945
Tax exempt income by tax regulation	(83,199)	(78,491)
Temporary differences not recognised as deferred tax assets	2,350	-
Taxable losses not recognised as deferred tax assets	873	-
Tax on undistributed surplus earnings	842	2,508
Change in assessment of realisation of deferred tax assets	1,255	3,263
Income tax expense	$ 1,453	$ 3,129

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

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 912	$ 669	$ -	$ 1,581
Unused compensated absences	155	(25)	-	130
Currency translation differences	-	-	-	-
Income tax losses	60,437	(1,255)	-	59,182
	61,504	(611)	-	60,893
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 60,770	($ 611)	$ -	$ 60,159

	Year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 68	$ 844	$ -	$ 912
Unused compensated absences	48	107	-	155
Currency translation differences	-	-	-	-
Income tax losses	61,958	(1,521)	-	60,437
	62,074	(570)	-	61,504
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 61,340	($ 570)	$ -	$ 60,770

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 295,910	$ -	2028

	December 31, 2020			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 302,185	$ -	2028

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 110,942	$ 94,923

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(21) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	$ 2.43
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 381,633	157,029	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	275	
Employees' compensation	-	6	
Convertible bonds	23,500	28,363	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 405,133	185,673	$ 2.18

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	$ 2.53
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	355	
Employees' compensation	-	7	
Convertible bonds	27,188	56,097	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 393,577	201,416	$ 1.95

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the shareholders. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(22) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2021	$ 100,000	$ 1,488,808	$ 1,368,000	$ 17,047	$ 2,973,855
Changes in cash flow from financing activities	180,000	-	(144,000)	(6,965)	29,035
Changes in other non-cash items	-	10,570	-	-	10,570
December 31, 2021	$ 280,000	$ 1,499,378	$ 1,224,000	$ 10,082	$ 3,013,460

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2020	$ -	$ 1,159,471	$ 1,440,000	$ -	$ 2,599,471
Changes in cash flow from financing activities	100,000	901,126	(72,000)	(4,007)	925,119
Changes in other non-cash items	-	(571,789)	-	21,054	(550,735)
December 31, 2020	$ 100,000	$ 1,488,808	$ 1,368,000	$ 17,047	$ 2,973,855

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chiu Ho Medical System Co., Ltd.	Subsidiary
Tomorrow Medical System Co., Ltd.	Subsidiary
Chiu Ho Scientific Co., Ltd.	Subsidiary
Chiu Ho Biotech Co., Ltd.	Subsidiary
Shin-Ho Instruments Co., Ltd.	Subsidiary
Tong-Lin Instruments Co., Ltd.	Subsidiary
Hua Lin Instruments Co., Ltd.	Subsidiary
Hsin Lin Biotech Co., Ltd.	Subsidiary
E Century Healthcare Corporation	Subsidiary
J. Ab Beauty Co., Ltd. (Note 1)	Subsidiary
Medlink Healthcare Limited	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	Subsidiary
SenCare Healthcare Company	Subsidiary
CHC Long-Term Care Corporation	Subsidiary
Treasure of Health Co., Ltd. (Note 2)	Subsidiary

Note 1: The shareholders resolved to dissolve the Company's subsidiary, J. Ab Beauty Co., Ltd., at their meeting on April 20, 2018. Consequently, the Company no longer controls J. Ab Beauty Co., Ltd. thereafter. The liquidation of J. Ab Beauty Co., Ltd. was completed on July 23, 2019.

Note 2: The Company acquired 51% of the share capital of this subsidiary on October 6, 2021.

(3) Significant transactions and balances with related parties

A. Management service revenues (shown as 'Operating revenue')

	Years ended December 31,	
	2021	2020
Sales of services		
Chiu Ho Medical System Co., Ltd.	$ 63,000	$ 52,200
Tomorrow Medical System Co., Ltd.	13,878	21,666
Hua Lin Instruments Co., Ltd.	10,458	8,271
E Century Healthcare Corporation	15,258	11,751
Hsing-Yeh Biotechnology Co., Ltd.	11,478	10,026
Others	26,261	31,215
	$ 140,333	$ 135,129

Management service revenue pertains to revenue arising from administrative resources, technical consultation on medical practices and management services rendered by the Company to related parties and the prices and payment terms are decided by both parties.

B. Rent expenses (shown as 'Operating costs')

			Years ended December 31,	
Lease objects	Lessors	Leasing period	2021	2020
Land and Buildings	Chiu Ho Medical System Co., Ltd.	2021.1.1~2022.5.31	$ 168	$ 568
	Chiu Ho Scientific Co., Ltd.	2020.1.1~2020.12.31	54	263
			$ 222	$ 831

The Company paid rent monthly.

C. Property transactions

Disposal of property, plant and equipment:

	Year ended December 31, 2021	
	Disposal proceeds	Gain (loss) on disposal
Chiu Ho Medical System Co., Ltd.	$ 23	$ -

There was no disposal of property, plant and equipment to related parties for the year ended December 31, 2021.

D. Receivables from related parties

	December 31, 2021	December 31, 2020
Account receivables		
Treasure of Health Co., Ltd.	$ 210	$ -

(a) The accounts receivable are not overdue or impaired and are with good credit quality.

(b) As of December 31, 2021, there are no overdue financial assets.

(c) The maximum amount of the accounts receivable exposed to credit risks is the book value.

E. Other receivables due from related parties

(a) Loans to related parties (including interest receivable)

	Year ended December 31, 2021				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Chiu Ho Medical System Co., Ltd.	$ 250,000	$ 73,000	2%	$ 2,827	$ 895
Tomorrow Medical System Co., Ltd.	120,000	50,000	2%	1,129	619
Others	130,000	30,000	2%	1,768	259
		$ 153,000		$ 5,724	$ 1,773

	Year ended December 31, 2020				
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest receivable
Chiu Ho Medical System Co., Ltd.	$ 280,000	$ 230,000	2%	$ 3,503	$ 2,939
Tomorrow Medical System Co., Ltd.	350,000	120,000	2%	4,012	1,349
Others	152,000	87,000	2%	2,130	864
		$ 437,000		$ 9,645	$ 5,152

The loans lent to subsidiaries are repayable within 1 year and the interest rate is at 2% per annum for both years ended December 31, 2021 and 2020.

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2021	December 31, 2020
J. Ab Beauty Co., Ltd.	$ 369	$ 369

F. Lease transactions－lessee

(a) The Company leases offices from related parties. Rental contracts are all typically made for periods of 3 years. Rents are determined according to the market price and paid monthly.

(b) Acquisition of right-of-use assets

	Years ended December 31,	
	2021	2020
Chiu Ho Medical System Co., Ltd.	$ -	$ 21,054

(c) Lease liabilities

i. Outstanding balance

	December 31, 2021	December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 10,082	$ 17,047

ii. Interest expense

	Years ended December 31,	
	2021	2020
Chiu Ho Medical System Co., Ltd.	$ 234	$ 193

G. Others

(a) Capital increase of subsidiaries

Company name	Year ended December 31, 2021 Capital increase price per share (in dollars)	Total transaction amount	Percentage of ownership before capital increase	Percentage of ownership after capital increase
Shin-Ho Instruments Co., Ltd.	$ 10	$ 100,000	100%	100%

Company name	Year ended December 31, 2020 Capital increase price per share (in dollars)	Total transaction amount	Percentage of ownership before capital increase	Percentage of ownership after capital increase
Chiu Ho Medical System Co., Ltd.	$ 10	$ 575,400	100%	100%
Tomorrow Medical System Co., Ltd.	10	250,000	100%	100%
Shin-Ho Instruments Co., Ltd.	10	110,000	100%	100%
		$ 935,400		

(b) Proceeds from capital reduction of subsidiaries

Company name	Year ended December 31, 2021 Percentage of capital reduction	Total transaction amount	Year ended December 31, 2020 Percentage of capital reduction	Total transaction amount
Hua Lin Instruments Co., Ltd.	14.40%	$ 70,000	12.59%	$ 70,000
Chiu Ho Biotech Co., Ltd.	21.21%	70,000	-	-
		$ 140,000		$ 70,000

H. Endorsements and guarantees provided to related parties

(a) As of December 31, 2021 and 2020, the balances of financial guarantees provided by the Company to other subsidiaries as collateral for bank borrowings are as follows.

	December 31, 2021	December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 1,412,000	$ 1,562,000
Tomorrow Medical System Co., Ltd.	1,410,000	1,520,000
Others	1,021,000	335,480
	$ 3,843,000	$ 3,417,480

(b) As of December 31, 2021 and 2020, the Company and its subsidiary, Tomorrow Medical System Co., Ltd., signed a syndicated loan agreement with First Commercial Bank, and the total syndicated loan amounted to $2,440,000. This syndicated loan is jointly guaranteed by the Company and the Company's chairman, Mr. Pei-Lin Lee, and pledged the land and buildings of the subsidiary, Hsing-Yeh Biotechnology Co., Ltd., as collateral.

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 41,846	$ 41,123
Post-employment benefits	324	324
Share-based payments	356	466
	$ 42,526	$ 41,913

8. PLEDGED ASSETS

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

	Book value		
Assets	December 31, 2021	December 31, 2020	Purpose
Other non-current assets - Restricted bank deposits	$ 5,650	$ 6,300	Collateral for long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for significant commitment and guarantees and endorsements provided to related parties described in Notes 6(8) and 7(3)H, the Company has no other significant commitments and contingencies.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 90,904	$ 106,600
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 12,406	$ 16,740
Financial assets at amortised cost		
Cash and cash equivalents	$ 271,845	$ 145,791
Accounts receivable (including related parties)	210	-
Other receivables (including related parties)	155,146	443,021
Other financial assets (shown as 'other non-current assets - other')	5,650	6,300
	$ 432,851	$ 595,112
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 280,000	$ 100,000
Notes payable	135	135
Other payables	24,790	20,919
Bonds payable	1,499,378	1,488,808
Long-term borrowings (including current portion)	1,224,000	1,368,000
	$ 3,028,303	$ 2,977,862
Lease liability	$ 10,082	$ 17,047

B. Financial risk management policies

(a) The Company's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the Company treasury department under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange rate risk from multiple foreign currencies, primarily the US dollar and HKD. Foreign exchange rate risk arises from net investments in foreign operations.

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

	December 31, 2021			Year ended December 31, 2021 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 9	27.68	$ 249	1%	$ 2
HKD:NTD	27,101	3.55	96,209	1%	962
Non-monetary Items					
USD:NTD	14,273	27.68	395,077		

	December 31, 2020			Year ended December 31, 2020 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 15	28.48	$ 427	1%	$ 4
HKD:NTD	27,091	3.67	99,424	1%	994
Non-monetary items					
USD:NTD	14,435	28.48	411,109		

iii. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to ($3,344) and ($4,543), respectively.

Price risk

i. The Company is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through

profit or loss and financial assets measured at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Company's investments in equity securities comprise domestic and foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $9,090 and $10,600, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,241 and $1,674, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings at variable rates are primarily denominated in NTD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $12,240 and $13,680, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

The Company provides endorsements and guarantees based on the Company's policies and procedures on endorsements and guarantees, either to subsidiaries. No collateral is requested for the endorsements and guarantees as the Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 281,330	$ -	$ -
Notes payable	135	-	-
Other payables	24,790	-	-
Lease liability	7,215	3,000	-
Bonds payable and embedded derivative instruments	-	-	1,537,875
Long-term borrowings (including current portion)	164,843	1,096,909	-

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 100,525	$ -	$ -
Notes payable	135	-	-
Other payables	20,919	-	-
Lease liability	7,596	7,200	3,000
Bonds payable and embedded derivative instruments	-	-	1,537,875
Long-term borrowings (including current portion)	167,395	164,843	1,096,909

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), other financial assets, short-term borrowings, notes payable, other payables, long-term borrowings (including the portion due within one year or one business cycle), bonds payable and lease liability.

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

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 89,890	$ -	$ 1,014	$ 90,904
Financial assets at fair value through other comprehensive income				
Equity securities	12,406	-	-	12,406
	$ 102,296	$ -	$ 1,014	$ 103,310

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 106,000	$ -	$ -	$ 106,000
Derivative instruments	-	-	600	600
Financial assets at fair value through other comprehensive income				
Equity securities	16,740	-	-	16,740
	$ 122,740	$ -	$ 600	$ 123,340

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

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

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

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020.

	2021	
	Equity investments	Derivative financial instruments
At January 1	$ -	$ 600
Gains and losses recognised in profit or loss	-	(600)
Acquired during the year	1,014	-
At December 31	$ 1,014	$ -

	2020	
	Equity investments	Derivative financial instruments
At January 1	$ -	$ 70
Gains and losses recognised in profit or loss	-	(520)
Issuance of convertible bonds	-	1,050
At December 31	$ -	$ 600

F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

G. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

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

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 1,014	Most recent non-active market price	Not applicable	-	Not applicable
Hybrid instrument:					
Convertible bonds	$ -	Binomial Model	Volatility Discount rate	19.10% (19.10%) 0.5655% (0.5655%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 600	Binomial Model	Volatility Discount rate	31.70% (31.70%) 0.5549% (0.5549%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2021 and 2020.

(4) Impact of the pandemic of Covid-19

During the Covid-19 pandemic, the Company was able to maintain its normal operations amidst the various preventive measures imposed by the government. Based on the Company's assessment, the pandemic had no significant impact on its ability to continue as a going concern, impairment of assets and financing risks.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2)(7), and 12(3).

J. Significant inter-company transactions during the reporting period: None exceeds $100 million.

(2) Information on investees

Information on investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Limits on investments in Mainland China: Please refer to table 8.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None exceeds $100 million.

(4) Major shareholders information

Please refer to table 9.

14. SEGMENT INFORMATION

Segment information is presented in the consolidated financial statements in accordance with the regulations of IFRS 8.

CHC Healthcare Group

Loans to others

For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 480,000	$ 400,000	$ 73,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 608,452	$ 2,443,808	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	100,000	50,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	300,000	300,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	500,000	350,000	50,000	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Medlink Healthcare Limited	Other receivables	Y	100,000	-	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	150,000	150,000	30,000	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Hua Lin Instruments Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
0	The Company	Chiu Ho Biotech Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	608,452	2,443,808	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	4,500	3,500	3,500	2.5%	Business transaction	5,337	-	-	None	-	5,337	74,685	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y	199,000	159,000	159,000	2.5%	Business transaction	201,896	-	-	None	-	198,903	397,807	
						$ 1,472,500	$ 315,500										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group

Provision of endorsements and guarantees to others

For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 12,169,042	$ 1,562,000	$ 1,412,000	$ 300,659	$ -	23.21%	$ 18,253,563	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	12,169,042	1,520,000	1,410,000	1,032,575	-	23.17%	18,253,563	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	12,169,042	200,000	150,000	15,352	-	2.47%	18,253,563	Y	N	N	
0	The Company	E Century Healthcare Corporation	2	12,169,042	57,000	-	-	-	0.00%	18,253,563	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	12,169,042	100,000	100,000	34,461	-	1.64%	18,253,563	Y	N	N	
0	The Company	Shin-Ho Instruments Co., Ltd.	2	12,169,042	771,000	771,000	238,480	-	12.67%	18,253,563	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,989,036	828,236	828,236	704,000	828,236	83.28%	2,983,554	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,989,036	575,164	575,164	547,887	575,164	57.83%	2,983,554	N	N	N	
2	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	245,608	43,840	43,440	21,720	-	35.37%	$ 368,412	N	N	Y	
						$ 5,289,840	$ 2,895,134	$ 1,403,400						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group

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

December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stocks–Evergreen Marine Co., Ltd.	-	Financial asset at fair value through profit or loss - current	240,000	$ 34,200	0.00%	34,200	
The Company	Common stocks–Yang Ming Transport Co., Ltd.	-	Financial asset at fair value through profit or loss - current	240,000	29,040	0.01%	29,040	
The Company	Common stocks–Evergreen Aviation Technologies Co., Ltd.	-	Financial asset at fair value through profit or loss - current	16,347	1,014	0.00%	1,014	
The Company	Common stocks–United Microelectronics Co., Ltd.	-	Financial asset at fair value through profit or loss - current	410,000	26,650	0.00%	26,650	
The Company	Common stocks–S&S Healthcare Holding Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	1,988,100	12,406	2.47%	12,406	
Chiu Ho Medical System Co., Ltd.	Preference stocks–Asto CT	-	Financial asset at fair value through profit or loss - non-current	55,089	59,960	3.14%	59,960	
Chiu Ho Medical System Co., Ltd.	Common stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	4.12%	-	
Chiu Ho Medical System Co., Ltd.	Common stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

CHC Healthcare Group

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition (Note)		Disposal				Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Common stocks–Treasure of Health Co., Ltd.	Investments accounted for using the equity method	Errand Co., Ltd. and individual shareholders	-	-	$ -	1,071,000	$ 333,526	-	-	-	-	1,071,000	$ 333,526

Note: The amount included acquisition cost of $335,070 and investment loss recognised for the year of ($1,544).

CHC Healthcare Group

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

For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 201,896	97%	6 months	-	-	$ 189,345	87%	Note

Note 1: Sales amount includes rental revenue.
Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $189,345	1.03	$ 70,582	In collection	$ 26,708	$ -
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Other receivables: $159,000	0.00	-	-	104,000	-

Note 1: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables in the parent company only financial statements, and thus the turnover rate is not applicable.
Note 2: The subsequent collections were amounts collected as of March 23, 2022.

CHC Healthcare Group

Information on investees

For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,956,388	390,000,000	100.00%	$ 4,409,733	$ 198,693	$ 186,063	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	413,484	413,484	70,800,000	100.00%	821,673	42,208	42,208	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	186,712	58,802	58,802	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	247,182	317,182	26,000,000	100.00%	276,764	6,805	6,805	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	219,171	119,171	21,300,000	100.00%	209,029	(6,023)	(6,023)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	371,183	371,183	40,000,000	100.00%	478,958	33,104	33,148	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	381,815	451,815	41,600,000	100.00%	519,995	39,393	39,393	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	85,929	85,929	8,000,000	100.00%	86,234	4,035	4,035	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	556,151	556,151	60,000,000	100.00%	792,125	53,026	53,026	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	395,081	(11,750)	(11,750)	Subsidiary (Note 1)
The Company	Treasure of Health Co., Ltd.	Taiwan	Drug and health supplements sale	335,070	-	1,071,000	51.00%	333,526	3,872	(1,544)	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	$ 3,593	$ 3,697	100,000	100.00%	$ 36,625	$ 183	$ 199	Subsidiary
Chiu Ho Medical System Co., Ltd.	Medlink Healthcare Limited	Taiwan	Medical instrument sale	-	1,545,300	-	-	-	-	-	Subsidiary (Note 2)
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service and elderly residence	194,000	194,000	19,400,000	65.99%	190,986	(1,569)	(1,035)	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	5,358	3,398	2,566	100.00%	639	(1,032)	(1,032)	Subsidiary (Note 1)
Chiu Ho Medical System Co., Ltd.	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	-	93,600,000	100.00%	1,608,967	30,282	25,071	Subsidiary (Note 2)
Medlink Healthcare Limited	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	-	1,513,464	-	-	-	-	-	Subsidiary (Note 2)
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	8,641	29,986	8,641	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	28,595	(2,019)	(1,959)	Subsidiary (Note 3)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: The Group reorganised and merged Medlink Healthcare Limited into Chiu Ho Medical System Co., Ltd., with Chiu Ho Medical System Co., Ltd. as the surviving company.
Note 3: Investee was organised as an associate.

CHC Healthcare Group

Information on investments in Mainland China

For the year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 263,037	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 263,037	$ -	$ -	$ 263,037	($ 8,435)	100%	($ 8,429)	$ 227,706	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	208,829	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	208,829	-	-	208,829	(3,474)	100%	(3,474)	122,804	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 471,866	$ 608,976	$ 3,788,314

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.54%
Tien-Ying Lee	9,413,985	5.84%

CHC Healthcare Group

Responsible person: Pei-Lin Lee