

# 2022 Annual Report



Printed on April 14, 2023

Market Observation Post System: <http://mops.twse.com.tw/>

Company Website: <http://www.cowealthholding.com/>

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## One. Report to Shareholders

First, we thank all shareholders for your support and encouragement to the Company over the past year. Looking back on 2022, an important subsidiary of Cowealth Holding, Cowealth Medical China Co., Ltd., was successfully listed at the main board of Shanghai Stock Exchange on February 16, 2022 (Stock Name: Cowealth China; Stock Code: 603122), marking a new milestone for the development of Cowealth China).

After the public offering of Cowealth China, the Company has upheld the principles of innovation and service under the harsh external environment and has overcome the severe challenges arising from the COVID-19 pandemic, in order to continue to provide quality and differential value services to hospital customers. In 2022, based on the successful development of the main business of In Vitro Diagnostic Devices (IVD), the Company further expanded its business to the field of medical consumables, and actively engaged in joint strategic cooperation or joint venture with influential business operators in the industry, in order to increase market share and to further expand business toward the inland from coastal provinces in the market. The Company further utilizes the cross-strait medical exchange platform constructed over the past years and accumulates long-term experience of numerous hospital operation management and information experts cross the strait, in order to actively invest in the development of hospital outpatient department operation management software with cross-strait copyrights, to provide tools necessary for improving the operation performance of hospitals and to assist the seed team of the hospital culture department operation management, thereby implementing scientific and refined management of hospitals for providing quality and effective services to customers.

It is worth noting that during the 8-month city lockdown in Shanghai, the Company's employees of the Logistics Department were standby 24-hours to supply products and goods continuously in order to ensure successful deployment of testing works at each hospital. In addition, the Company also assigned employees to station at hospitals 24-hours with closed-loop management in order to ensure that hospitals have sufficient reagents for use. Under the effort of all parties, departments and employees, the 2022 consolidated revenue of the Group reached nearly NT\$5.62 billion, a record high over the past years.

The following is a report of the Company's business performance for 2022:

### I. 2022 business performance

#### (I) Outcome of business plans and analysis of revenues, expenses, and profitability

According to the audited consolidated financial statements, the annual revenue was NT\$ 5,626,367 thousand, net income after tax was NT\$ 235,198 thousand, net income attributable to the parent company was NT\$ 94,115 thousand. Below is the comparative income statement for 2022 and 2021:

Unit: NTD thousands except for earnings per share, which is in NTD.

Item	2022	%	2021	%	Variation Amount	Variation %
I. Operating revenues	5,626,367	100.0%	5,139,748	100.0%	486,619	9.5%
II. Operating costs	4,521,925	80.4%	4,081,821	79.4%	440,104	10.8%
III. Gross profit	1,104,442	19.6%	1,057,927	20.6%	46,515	4.4%
IV. Operating expenses	734,616	13.1%	716,938	13.9%	17,678	2.5%
V. Operating profit	369,826	6.5%	340,989	6.7%	28,837	8.5%
VI. Non-operating income (expenses)	18,516	0.3%	-6,253	-0.1%	24,769	396.1%
VII. Profit before tax	388,342	6.8%	334,736	6.6%	53,606	16.0%
VIII. Income tax expense	153,144	2.7%	118,824	2.3%	34,320	28.9%
IX. Net income	235,198	4.1%	215,912	4.3%	19,286	8.9%
X. Net income attributable to the parent company	94,115		139,464		-45,349	
Earnings per share - after tax	1.22		1.80			

Faced with the impact from COVID-19 in 2022, under the instruction of the Board of Directors and the operations team, the Company did an excellent job in epidemic prevention, and in the meantime, strengthened the expansion of the market and established a marketing system. The operating revenue in 2022 was NT\$5,626,367 thousand, increasing by

NT\$486,619 thousand and 9.5% compared to 2021. The gross profit in 2022 was NT\$1,104,442 thousand, increasing by NT\$46,515 thousand and 4.4% compared to 2021.

The Company's expense ratio of this year was approximate to the previous period. The operating expense in 2022 increased by NT\$17,678 thousand and 2.5% compared to 2021. Because of the expansion in business after the IPO of the subsidiary Cowealth Medical China Co., Ltd., the number of employees increased such that the operating expense also increased.

The Company's non-operating revenue in 2022 increased by NT\$24,769 thousand compared to 2021. As the result of the capital obtained from the IPO of Cowealth Medical China Co., Ltd. and the influence of the rising interest rates around the world, the interest income increased. The income tax expense in 2022 was NT\$153,144 thousand, compared with NT\$118,824 thousand in 2021. The income tax expense to operating revenue ratio in the two periods were approximate.

The net income after tax in 2022 increased by NT\$19,286 thousand and 8.9% compared to 2021. The net income attributable to the parent company and the earnings per share were lower than 2021. This resulted from the decreased shareholding ratio, which is because of the capital increase from the IPO of the subsidiary Cowealth Medical China Co., Ltd.

#### (II) Research and development progress

The Company's R&D expense refers to the operating expense incurred due to the establishment of the hospital refined management software R&D team.

#### (III) Budget execution

The Company did not publish financial forecast, but budget execution has been in line with plans.

## II. Summary of 2023 business plan

### (I) Operational guidelines

1. Business aspect: Expand centralized procurement service for in vitro diagnostic products;
2. Capital operation aspect: Enhance capital operation, realize technology innovation and financial capital in-depth fusion, increase core competitiveness, and strengthen main business items;
3. Corporate governance aspect: Implement the strategy of strong enterprise with outstanding talents. With the IPO of the subsidiary, Cowealth China, the Group will enter the rapid development stage, and the continuous expansion of the enterprise scale and progressive development of the business field will require reserve talents of higher standards. The Group will implement talent cultivation properly in order to continue to provide platform and career path for talent development and value realization to employees while encouraging and promoting the share of enterprise development outcomes with all employees. Proper recruitment inline with the Company's development goal to achieve continuous expansion  
Broad talent recruitment channel, attract quality talents from various fields, and achieve proper job allocation for outstanding talents of the Company;

### (II) Sales forecast, basis, and key production/sales policies.

The COVID-19 pandemic has had severe impact on the industry, the economy, commercial trade, and especially consumers' behaviors, not to mention the stress it has on the medical system, patient care, and the biomedicine industry. After the Chinese government has changed its epidemic control policy, the outpatient services of medical institutions for patients will resume to normal, and the Company's business is expected to return to normal at accelerated pace.

## III. Future development strategies

Cowealth Group will continue to secure its foothold in the field of in vitro diagnostics, and aim to innovate in ways that support high-quality medical service and promote the health industry. By introducing new products and expanding sales into the nursing industry, Cowealth Group hopes to become the top provider of differentiated, value-adding services and centralized procurement services for hospitals in Chinese-speaking regions.

With the listing of key subsidiary - Cowealth Medical China Co., Ltd. on the A-share board of Shanghai Stock Exchange, the group will be able to raise capital publicly and invest it into centralized procurement services for reagents, as well as introduction of high-end medical equipment, optimization of information system, and creation of hospital management platform that further enhances core competitiveness of the Company.

In addition, the Company will also rely on the success of the cross-strait medical and hospital management talent exchange platform, the innovation and commercial collaboration platform for global diagnostics manufacturers, and the time-tested strategic partnership platform for introducing innovative technologies into the Greater China market that it has built for more than 2 decades to further expand the scale of centralized procurement service for diagnostic reagents. Attention will be devoted toward introducing innovative technologies and products from original manufacturers local and abroad, and applying the success of centralized procurement service to not just in vitro diagnostics, but to a broader range of medical consumables as well. To accomplish this goal, the Company will be engaging original manufacturers and distributors in mutually beneficial business relationships at a higher level, thereby providing high quality services to

customers.

In general, the Company looks forward to delivering better financial performance for shareholders with new products, new services, a stronger distribution channel in the Greater China Region, differentiated service values, and more efficient practices at a more productive scale.

## **IV. Impacts of the competitive environment, regulatory environment, and the overall business environment**

In recent years, the State Council and National Health Commission of the People's Republic of China (PRC) have consecutively announced higher requirements for hospital operation management. According to the General Office of the State Council of the PRC [2021] No. 18 Letter “Comments to Promotion of Public Hospital High Quality Development”, it explicitly requests hospitals to establish operation management decision making support system, in order to promote the scientific, standardized and refined hospital operation management. Accordingly, it is imperative to improve the medical service quality and resource allocation efficiently as well as to promote hospitals to transform from the extensive management to refined management. While acting as a cross-strait bridge for quality resources, the Company will actively respond to the government department’s requests for high quality development of hospital operation management, and will also sufficiently exploit the platform value, thereby further integrating medical resources and providing high quality and effective services to hospitals.

The IVD industry in China is currently under the rapid development stage. According to the “2022-2027 China IVD Market Survey and Investment Decision Strategy Report” announced by the Zhongshang Industry Research Institute, the IVD industry market scale in China in 2021 was RMB 133.6 billion, and due to the driving factors of the technology innovation and the increase of aging population, insurance coverage and expenses as well as the increase of income, the IVD industry continues to grow. Accordingly, the IVD industry market scale in China is expected to exceed RMB 300 billion by 2027. All giant enterprises are seeking to enter the field to seize market share; therefore, the competition in the industry is severe. When pitted against private and state-owned enterprises that have much higher capital at disposal, we strive to adopt alternative strategies in which we are able to compete on the grounds of differentiated value and service.

The listing of Cowealth Medical China Co., Ltd. in the capital market of the Mainland not only benefits the Company in terms of corporate image and business opportunities, but also provides access to an independent and efficient financing platform that the subsidiary may take advantage of to source working capital, improve financial position, and increase return on investment in favor of all our shareholders.

This concludes our report. The board of directors will continue exercising diligent supervision over the management team to perform in the best long-term interest of the Company and its shareholders and adopt corporate governance practices that ensure the sustainability of the organization. Thank you all for your ongoing support, and we look forward to hearing your opinions.

Lastly, we wish you all the best in future endeavors!

Chairman : Joyce Wang

President : Duane Lee

## Two. Company Profile

### I. Date of incorporation and introduction to the group

The Company was incorporated in the Cayman Islands on November 4, 2005; its business investments are involved in the import and export of advanced medical equipment and clinical test reagents. The Group's main operating offices are located in Shanghai, China, and serve mostly medium and large hospitals. Cowealth Group's presence in China dates back more than 20 years ago; starting out as a distributor of medical equipment, instruments, reagents, and consumables, the Group has evolved into a provider of integrated logistics management service for in vitro diagnostics used in clinical tests, and an importer of world's first-class radiotherapy machines. Through these services, Cowealth Group continues to help hospitals improve management efficiency and service quality, and engage them in a mutually beneficial business relationship. Cowealth Medical China Co., Ltd., one of the main subsidiaries, completed initial public offering and was listed on the A-share board of Shanghai Stock Exchange on February 16, 2022 with the alias: Cowealth China.

### II. Company and group history

Year	Major events
2000	Founded Cowealth Biotech Trading (Shanghai) Co., Ltd. and ventured into China's medical supplies market.
2004	"Cowealth Biotech Trading (Shanghai) Co., Ltd." was renamed "Cowealth Medical Technology (Shanghai) Co., Ltd."  Acquired exclusive distributorship for CyberKnife Stereotactic Radiosurgery System (referred to as CyberKnife below) in China from Accuray Incorporated (USA).
2005	Founded Cowealth Medical Holding Co., Ltd.
2006	Completed a cash issue that increased paid-up capital to US\$13,967,425, and acquired 100% equity ownership in Cowealth Medical Science & Biotechnology and Royal Seal Medical Technology.  Assisted Accuray in the registration of total body tumor therapy (SFDA(1)20063310554) for CyberKnife in China.  Assisted Tianjin Medical University Cancer Institute and Hospital in the establishment of China's first CyberKnife therapy center.
2007	Signed contract in Shanghai with a hospital to provide in vitro diagnostic reagents logistics management service (i.e. Project Summit) for the first time in China.
2008	Submitted an application to the government of the Cayman Islands (the place of registration) to change face value per share to NT\$10; paid-up capital after the conversion amounted to NT\$439,973,890.  Centralized logistics management service for in vitro diagnostic reagents was signed and provided in Jiangsu, Shandong, Tianjin, and Beijing.
2009	Issued 2,282,172 shares for cash, increasing paid-up capital to NT\$462,795,610.  Assisted Nanjing General Hospital of Nanjing Military Command in the establishment of the military's first CyberKnife therapy center.  Shares of the Company were registered for trading on Taipei Exchange.
2010	Issued 1,170,000 new shares against the exercise of employee warrants, increasing paid-up capital to NT\$474,495,610.  Made a public offering of shares.



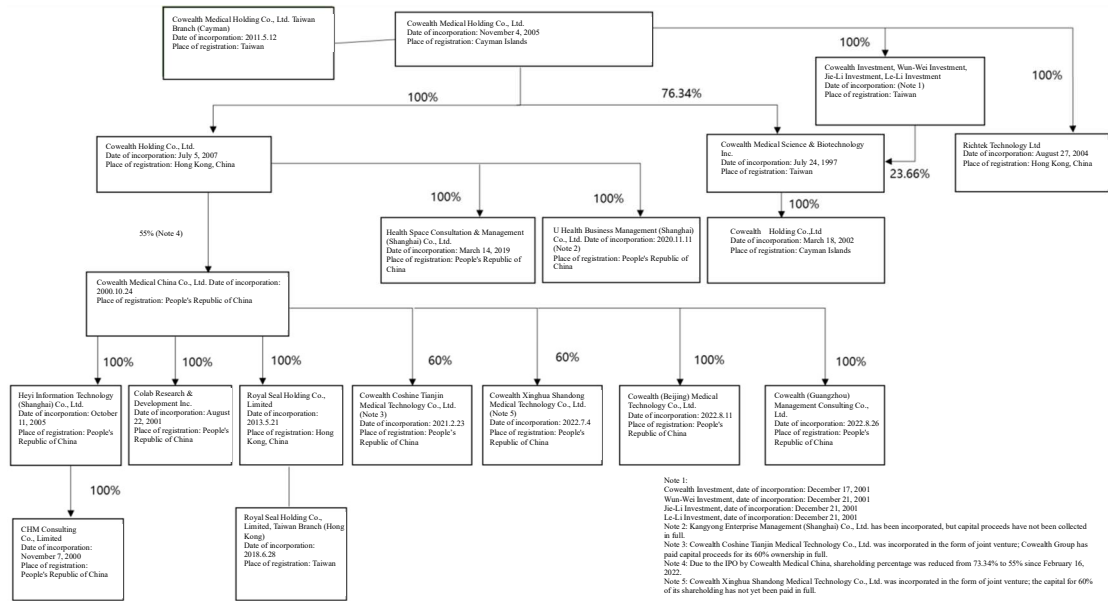
Year	Major events
2011	Issued 1,120,000 common shares for cash, increasing paid-up capital to NT\$485,695,610.
	"Cowealth Medical Technology (Shanghai) Co., Ltd." was renamed "Cowealth Medical (China) Technology Co., Ltd."
2012	Passed review of Taipei Exchange.
2013	Officially listed on Taipei Exchange.
	Issued 5,397,000 common shares for cash, increasing paid-up capital to NT\$539,665,610.
	Acquired long-term distributorship from TearScience for world's only dry eye syndrome inspection and treatment device in the Greater China Region.
	Acquired long-term distributorship from ViewRay for world's leading radiotherapy imaging system in Hong Kong, Macao, and Taiwan.
2014	Issued Cowealth I (4745), the first unsecured convertible bond, for NT\$400,000,000.
	Capitalized NT\$18,680,610 of corporate bond and issued NT\$4,285,000 of new shares for subscription by employees, increasing paid-up capital to NT\$562,631,220.
2015	Capitalized NT\$11,254,630 of retained earnings and issued NT\$1,185,000 of new shares for subscription by employees, increasing paid-up capital to NT\$575,070,850.
2016	Issued 1,760,000 new shares for subscription by employees, increasing paid-up capital to NT\$576,830,850.
2017	Issued 150,000 new shares for subscription by employees, increasing paid-up capital to NT\$576,980,850.
2018	Capitalized NT\$57,698,090 of retained earnings and recovered NT\$20,000,000 of company shares, increasing paid-up capital to NT\$614,678,940.
2019	One of the key subsidiaries - "Cowealth Medical (China) Technology Co., Ltd." was renamed "Cowealth Medical China Co., Ltd."
	Capitalized NT\$122,935,790 of retained earnings, increasing paid-up capital to NT\$737,614,730.
	Cowealth Medical China Co.,Ltd. made a cash issue and introduced new investors that help expand its medical instruments market in China.
2020	Capitalized NT\$36,880,740 of retained earnings, increasing paid-up capital to NT\$774,495,470.
2021	One of the key subsidiaries - Cowealth Medical China Co., Ltd. passed review for listing on the A-share board of Shanghai Stock Exchange.
2022	One of the key subsidiaries - Cowealth Medical China Co., Ltd. was listed on Shanghai Stock Exchange.

# Three. Corporate Governance Report

## I. Organization

### (I) Group structure and risks

#### 1. Group structure



Company name	Group position and specialization
Cowealth Investment Co., Ltd. Wun-Wei Investment Co., Ltd. Jie-Li Investment Co., Ltd. Le-Li Investment Co., Ltd. Cowealth Holding Co., Ltd. Cowealth Holding Co., Ltd.	Holding of business investments
Richtek Technology Limited	Sale of medical instruments and reagents
Royal Seal Holding Co., Limited	Holding of business investments, procurement center, and sale of medical equipment and related accessories outside China
Cowealth Medical Science & Biotechnology Inc.	Import and export of medical devices, reagents, and accessories
Cowealth Medical China Co., Ltd.	Import, export, and sale of medical equipment, reagents, and related accessories in China
Coaim Information Technology Co., Ltd.	Software research and development, IT equipment maintenance, IT system maintenance in China
Colab Reserch & Development Inc.	Technical consulation in the medical technology field, and sales of medical devices in China
CHM Consulting Co., Limited	Hospital management consultation, conference affairs services and exhibition services in China
Health Space Consultation & Management (Shanghai) Co., Ltd.	Consultancy service on nutrition, health, social, economic, investment, and business administration matters; trading and agency service, and professional design service in China
U Health Business Management (Shanghai) Co., Ltd. (Note 5)	Business management consultancy
Cowealth Coshine Medical Tianjin Co., Ltd.	Medical technology development, medical device sales, machinery and equipment lease in China
Cowealth Prosperity Medical Shandong Co., Ltd. (Note 2)	Medical technology development, medical device sales, machinery and equipment lease in China

Company name	Group position and specialization
Cowealth Medical Beijing Co., Ltd. (Note 3)	Enterprise management, consultation and planning services in China
Cowealth Medical Guangzhou Co., Ltd.	Enterprise management, consultation and planning services in China

Note 1: Cowealth Medical Technology (Shanghai) Co., Ltd. was renamed "Coaim Information Technology Co., Ltd. " on June 27, 2022.

Note 2: Cowealth Prosperity Medical Shandong Co., Ltd. was founded in 2022 with a registered capital of RMB 5 million.

Note 3: Cowealth Medical Beijing Co., Ltd. was founded in 2022 with a registered capital of RMB 1 million.

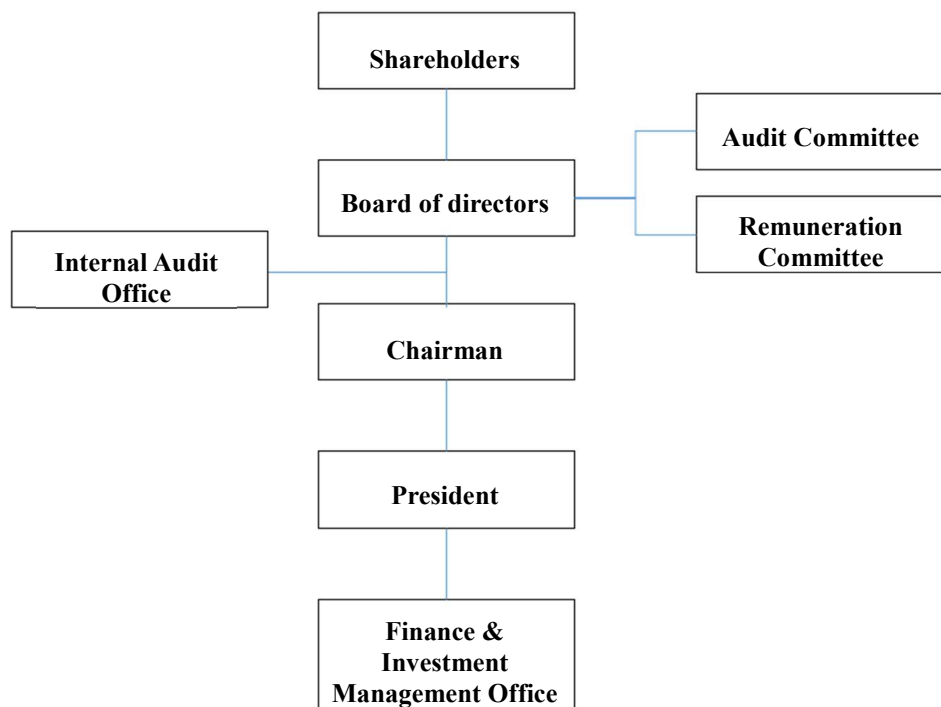
Note 4: Cowealth Medical Guangzhou Co., Ltd. was founded in 2022 with a registered capital of RMB 1 million.

Note 5: U Health Business Management (Shanghai) Co., Ltd. completed the cancellation registration on April 7, 2023.

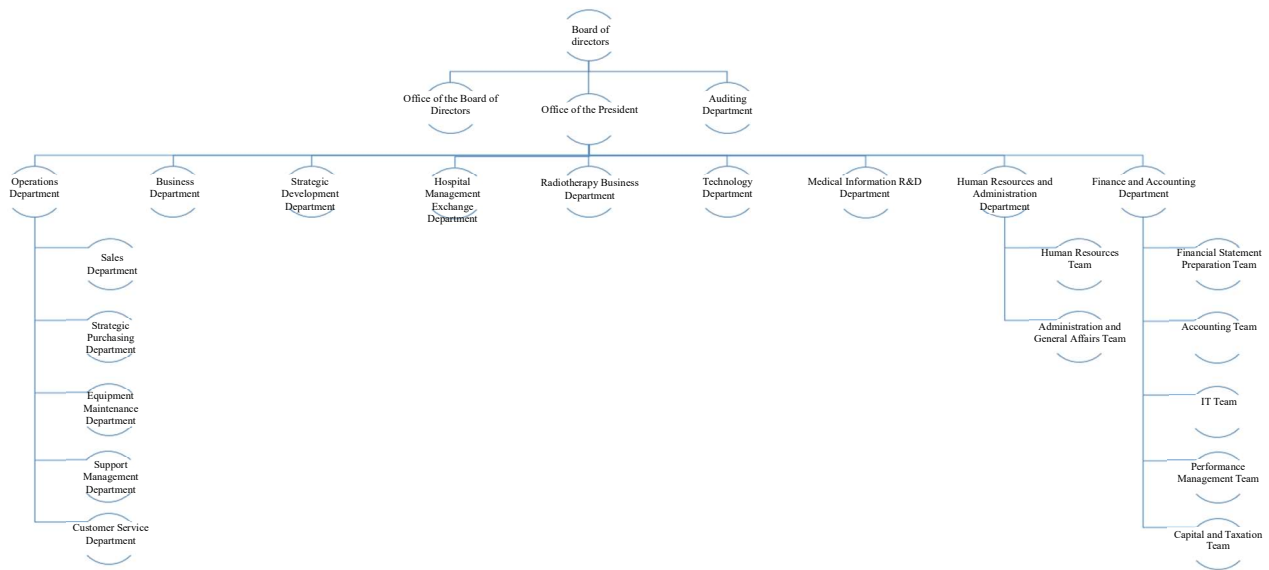
2. Risks: Please refer to section Seven. VI. Risk-related Disclosures located in pages 160-166 of this annual report.

(II) Organizational structure

1. Cowealth Medical Holding Co., Ltd.



2. Cowealth Medical China Co., Ltd.



(III) Businesses activities of main operating subsidiaries and departments

Department	Main responsibilities
Board of directors	Responsible for operational, information disclosure, and investor relations tasks within the Company.
President	Responsible for the execution of board resolutions and the planning of corporate strategies. Responsible for the enforcement of operational goals.
Auditing Department	Responsible for performing internal audit and exercising supervision over compliance with internal controls and regulations by internal units.
Operations Department	Maintenance of existing customers and business relationships. Responsible for legal affairs and gathering market information. Responsible for procurement, supplier management, customer service, and property management matters.
Business Department	Development of new businesses and new customers.
Strategic Development Department	Responsible for the development and maintenance of strategic partnership and related financial affairs.
Hospital Management Exchange Department	Responsible for the promotion of hospital management service, and execution of cross-strait hospital management projects.
Radiotherapy Business Department	Responsible for the promotion and sale of large radiotherapy equipment.
Technology Department	Responsible for the maintenance of customers' radiotherapy and clinical diagnosis devices.
Medical Information R&D Department	Responsible for the research and development of medical information products.
Human Resources and Administration Department	Responsible for human resources management, administration, and general affairs.
Finance and Accounting Department	Responsible for financial planning, accounting, and implementation and maintenance of information systems within the Company.

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

### (I) Background of directors and supervisors

#### 1. Background of directors and supervisors

Unit: shares; %; March 26, 2023

Title	Nationality or place of registration	Name	Gender/age	Date elected / appointed	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	The Republic of China	Joyce Wang	Female 66	May 27, 2020	3 years	December 27, 2006	7,094,928	9.62	7,301,186	9.43	8,449,834	10.91	2,544,623	3.29	Bachelor Degree in Commerce, National Taiwan University Unisys Taiwan Ltd. - Assistant Vice President of Business Department	Note 1	Director	Duane Lee	Spouse	Note 8
Director	The Republic of China	Duane Lee	Male 67	May 27, 2020	3 years	December 27, 2006	7,348,414	9.96	8,449,834	10.91	7,301,186	9.43	2,544,623	3.29	Bachelor Degree in Chemical Engineering, National Tsing Hua University Philips Electronics Hong Kong Limited Healthcare Department - General Manager of Greater China Business Beckman Coulter - General Manager of Greater China Region	Note 2	Chairman	Joyce Wang	Spouse	Note 8
Director	The Republic of China	Chuan Chin	Male 76	May 27, 2020	3 years	December 27, 2006	467,334	0.63	420,700	0.54	926,448	1.20	-	-	Bachelor of Life Science, National Taiwan Normal University Master of Microbiology, National Taiwan University College of Medicine Ph.D. program, Institute of Life Sciences, National Defense Medical Center National Defense Medical Center Institute of Preventive Medicine - Head of Molecular Biology and Molecular Virology Team, Head of Epidemiology, Lead Researcher, and Chief of Research Department Centers for Disease Control and Prevention - Visiting Research Fellow National Institutes of Health - Visiting Research Fellow U.S. Army Medical Research Institute of Infectious Diseases - Researcher Ministry of Health Quarantine Department/Institute of Preventive Medicine/Centers for Disease Control - Consultant	Note 3	-	-	-	
Director	The Republic of China	Guang-Tsann Tsao	Male 64	May 27, 2020	3 years	December 27, 2006	-	-	-	-	-	-	1,557,983	2.01	Bachelor Degree in Advertising, San Francisco Art Institute Master of Computer Science and Information Engineering, Tamkang University	Note 4	-	-	-	
Director	The Republic of China	Le-Sheng Wu	Male 71	May 27, 2020	3 years	June 6, 2014	-	-	-	-	2,475,163	3.20	-	-	Graduated from Department of Electrical Engineering, National Taiwan University Ichia Technologies, Inc. - President Unisys Taiwan Ltd. - Chief of International Procurement IBM Taiwan Corporation - Manager	Note 5	-	-	-	

Title	Nationality or place of registration	Name	Gender/age	Date elected / appointed	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	The Republic of China	Po-Chien Hu	Male 59	May 27, 2020	3 years	June 8, 2017	3,168,304	4.30	3,056,170	3.95	270,549	0.35	-	-	Bachelor Degree in Food Science and Biotechnology, National Chung Hsing University Bechman Coulter Taiwan Inc., Taiwan Branch - Sales Representative Becton Dickinson Holding Pte., Ltd. Taiwan Branch - Manager of CAD Business Cowealth Medical China Co., Ltd. - Sales Director	-	-	-	-	
Independent Director	The Republic of China	Ying-Tung Lau	Male 75	May 27, 2020	3 years	October 26, 2009	-	-	-	-	-	-	-	-	Ph.D. in Biology, Rensselaer Polytechnic Institute Postdoctoral researcher of physiology, Massachusetts Institute of Technology and Boston University Michigan Rogel Cancer Center - Researcher Chang Gong University - Chairman of Physiology and Pharmacology Chang Gong University College of Medicine - Professor Chang Gong University - Head of General Affairs Chang Gong University - Chairman of Life Sciences Chang Gong University College of Medicine - Deputy Superintendent Chang Gung University of Science and Technology - President	Note 6	-	-	-	
Independent Director	The Republic of China	Chung-Wen Tong	Female 69	May 27, 2020	3 years	June 24, 2011	302,707	0.41	317,842	0.41	130,830	0.17	-	-	Bachelor Degree in Statistics, Ming Chuan University PwC Taiwan - Manager Unisys Taiwan Ltd. - CFO	-	-	-	-	
Independent Director	The Republic of China	Yann-Ching Tsai	Male 65	May 27, 2020	3 years	April 29, 2009	-	-	7,000	0.01	-	-	-	-	Ph.D. in Accounting, University of California, Los Angeles National Taiwan University - Associate Professor, Professor, and Chairperson of Accounting Accounting Research and Development Foundation of the R.O.C. - Lead Committee Member of Finance and Accounting Committee Accounting Research and Development Foundation of the R.O.C. - Lead Committee Member of Taiwan IFRS Committee Taiwan Stock Exchange Corporation - Member of Securities Listing Review Committee	Note 7	-	-	-	

Note 1: Cowealth Medical Science & Biotechnology Inc. - Chairman; Cowealth Medical China Co., Ltd. - Director and Representative; Coaim Information Technology Co., Ltd. - President and Corporate Representative; CHM Consulting Co., Limited - President and Representative; Colab Research & Development Inc. - Chairman and Representative; Health Space Consultation & Management (Shanghai) Co., Ltd. - Executive Director and Representative; U Health Business Management (Shanghai) Co., Ltd. - Executive Director and Representative; Cowealth Investment Co., Ltd. - Chairman; Wun-Wei Investment Co., Ltd. - Chairman; Jie-Li Investment Co., Ltd. - Chairman; Le-Li Investment Co., Ltd. - Chairman; Richtek Technology Ltd. (HK) - Director; Cowealth Holding Co., Ltd. - Director; Royal Seal Holding Co., Limited - Director and Cowealth Technology Co., Ltd. - Director.

Note 2: Cowealth Medical China Co., Ltd. - Chairman; Coaim Information Technology Co., Ltd. - Executive Director; CHM Consulting Co., Limited - Executive Director; Colab Research & Development Inc. - Director; Health Space Consultation & Management (Shanghai) Co., Ltd. - President; U Health Business Management (Shanghai) Co., Ltd. - President; Cowealth Investment Co., Ltd. - Director; Wun-Wei Investment Co., Ltd. - Director; Jie-Li Investment Co., Ltd. - Director; Le-Li Investment Co., Ltd. - Director; Royal Seal Holding Co., Limited - Director; Cowealth Holding Co., Ltd (Cayman) - Director.

Note 3: Cowealth Medical Science & Biotechnology Inc. - Director; Cowealth Investment Co., Ltd. - Director; Wun-Wei Investment Co., Ltd. - Director; Jie-Li Investment Co., Ltd. - Director; Le-Li Investment Co., Ltd. - Director; Richtek Technology Ltd. (HK) - Director.

Note 4: ChinPaoSan Limited - Chairman; Chin Pao Hsuan Limited - Director; Chen-Ji Construction Co., Ltd. - Director; Chin Pao San Culture Tourism Enterprise Co., Ltd. - Director; Chao Ri Kuang Investment Co., Ltd. - Chairman; Yu Yue Arts Development Co., Ltd. - Chairman; Yu Yue Investment Co., Ltd. - representative and Director; Tzu Kuang International Investment Co., Ltd. - Chairman; Teresa Teng Foundation - Director; Taiwan Art Development Co., Ltd. - Chairman; Ling Hsiung Co., Ltd. - Chairman; Yo Go Music Co., Ltd. - Chairman; Jin Da Ren Enterprise Co., Ltd. - Director; Benefit Life International Limited (Hong Kong) - Chairman; Tsao Chia Yeh International Co., Ltd. - Executive Director; Benelife (Shanghai) Management Consulting Ltd. - Chairman; Guilin Art Park - Executive Director; Guilin Jingu Farm Co., Ltd. - Executive Director; Guilin Zhaoriguang Art Village - Director; Guilin Yuyue Tourism Development Co., Ltd. - representative and Executive Director; Guilin Tianrengu Tourism Co., Ltd. - Executive Director; Guilin Dafu Leisure Farm - Executive Director; Guilin Lashan Art Creation Co., Ltd. - Executive Director; Nanjing Fuxi Management Consultancy Co., Ltd. - Executive Director; Xianliang Management Consultancy (Shanghai) Co., Ltd. - Executive Director; Shanghai Yuehu Culture Broadcast Co., Ltd. - Chairman; Cowealth Medical Science & Biotechnology Inc. - Supervisor; Cowealth Investment Co., Ltd. - Supervisor; Wun-Wei Investment Co., Ltd. - Supervisor; Jie-Li Investment Co., Ltd. - Supervisor; and Le-Li Investment Co., Ltd. - Supervisor.

Note 5: Director of CC&C Technologies Inc.

Note 6: President of Chang Gung University of Science and Technology (retired on April 18, 2023).

Note 7: Independent Director and Audit Committee member at CTBC Bank, Independent Director and Audit and Remuneration Committee members of GENESYS LOGIC, INC. and Yulon Motor Co., Ltd.

Note 8: The Company was founded by President Lee in 1997, who had the capacity to manage internal and external affairs in the early days. Having noticed the market's immense potentials, Lee invited his spouse, Madam Joyce Wang, who possesses equivalent level of knowledge, to serve as Chairman. Together, they led the management team and built the foundation for the Group's success today. Prior to joining the Company in 2000, Chairman Wang had served as a senior manager at a globally renowned information firm for extended period of time. The Chairman and the President contribute different expertise and management experience, and work within clearly defined responsibilities; the Chairman focuses more on the development of corporate governance practices, corporate social responsibilities, talent development system, corporate culture, and sustainability management, whereas the President is responsible for the design and execution of corporate strategies, business promotion, and financial planning. Having the couple serve as Chairman and President is both reasonable and necessary for enforcing business philosophy and for the continuity of the organization. Furthermore, to comply with legal requirements on corporate governance, the Company has amended its Articles of Incorporation with the intention to introduce one independent director seat, which will be filled following the director re-election in 2023.

2. Major shareholders of corporate shareholders: None

3. Key shareholders of major corporate shareholders: None

(II) Directors'/supervisors' expertise and independent directors' independence:

Name \ Criteria	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Joyce Wang	<p>Bachelor Degree in Commerce, National Taiwan University. Formerly served as Assistant Vice President of Business Department at Unisys Taiwan Ltd. (1983-2000), and has been serving as Chairman of Cowealth Group since 2000. Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, analytical skills in accounting and finance, business administration, crisis management, industry knowledge, global vision, leadership, and decision making.</p>	<p>The individual and spouse Duane Lee both serve as director and employee at the Company or affiliated enterprises. The individual and spouse collectively held 18,295,643 shares (23.62%) of the Company in total in their own names and through proxies. Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0
Duane Lee	<p>Bachelor Degree in Chemical Engineering, National Tsing Hua University. Formerly served as General Manager of Greater China Region at Beckman Coulter (1983-1996) and General Manager of Greater China Business of Healthcare Department at Philips Electronics Hong Kong Limited (1997), and has been serving as CEO and President of Cowealth Group since 1997. Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, analytical skills in accounting and finance, business administration, crisis management, industry knowledge, global vision, leadership, and decision making.</p>	<p>The individual and spouse Joyce Wang both serve as director and employee at the Company or affiliated enterprises. The individual and spouse collectively held 18,295,643 shares (23.62%) of the Company in total in their own names and through proxies. Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0

Name	Criteria Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Chuan Chin	<p>Bachelor of Life Science, National Taiwan Normal University.  Master of Microbiology, National Taiwan University College of Medicine.  Ph.D. program, Institute of Life Sciences, National Defense Medical Center.  Formerly served as Head of Molecular Biology and Molecular Virology Team, Head of Epidemiology, Lead Researcher, and Chief of Research Department at National Defense Medical Center Institute of Preventive Medicine; Visiting Research Fellow at Centers for Disease Control and Prevention; Visiting Research Fellow at National Institutes of Health; Researcher at U.S. Army Medical Research Institute of Infectious Diseases; and Consultant at Ministry of Health Quarantine Department/Institute of Preventive Medicine/Centers for Disease Control. Served as President of Cowealth Medical Science &amp; Biotechnology Inc. between 1999 and 2014, and President of Cowealth Medical China Co., Ltd. between 2005 and 2014. Possesses more than 40 years of research, development, and management experience in biomedicine.  Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, business administration, crisis management, industry knowledge, global vision, leadership, and decision making.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. The individual and spouse collectively hold 1,347,148 shares (1.74%) of the Company. Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0
Guang-Tsann Tsao	<p>Bachelor Degree in Advertising, San Francisco Art Institute.  Master of Computer Science and Information Engineering, Tamkang University.  Currently the Chairman of ChinPaoSan Limited; Chairman of Yu Yue Arts Development Co., Ltd.; Chairman of Tzu Kuang International Investment Co., Ltd.; Chairman of Benelife Management Consulting Ltd.; Chairman of Taiwan Art Development Co., Ltd.; Chairman of Chao Ri Kuang Investment Co., Ltd.; Chairman of Shanghai Yuehu Culture Broadcast Co., Ltd.; Chairman of Benelife (Shanghai) Management Consulting Ltd.; Executive Director and President of Guilin Tianrengu Tourism Co., Ltd.; Executive Director and President of Guilin Jingu Farm Co., Ltd.; Executive Director and President of Guilin Art Park; Executive Director and President of Guilin Dafu Leisure Farm; and Executive Director and President of Guilin Lashan Art Creation Co., Ltd.  Became involved in arts, tourism, and a broad diversity of investment projects in the Greater China Region since 1999, and has more than 20 years of management experience.  Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, business administration, crisis management, leadership, and decision making.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. Held 1,557,983 shares (2.01%) of the Company in total through proxies. Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0



Name \ Criteria	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Le-Sheng Wu	<p>Bachelor degree in Electrical Engineering, National Taiwan University</p> <p>Formerly served as production engineer at Manufacturing Division of Texas Instruments, engineer at Business Department of HP Inc., manager at IBM Taiwan Corporation, Chief of International Procurement at Unisys Taiwan Ltd., and President at Ichia Technologies, Inc. Possesses more than 40 years of management experience in foreign businesses and TWSE/TPEX listed companies.</p> <p>Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, analytical skills in accounting and finance, business administration, global vision, leadership, and decision making.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. The spouse holds 2,475,163 shares (3.20%) of the Company.</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0
Po-Chien Hu	<p>Bachelor Degree in Food Science and Biotechnology, National Chung Hsing University.</p> <p>Formerly served as sales representative at Bechman Coulter Taiwan Inc. and Manager of CAD Business at Becton Dickinson Holding Pte., Ltd. Taiwan Branch. Served as Sales Director at Cowealth Medical China Co., Ltd. between 1999 and 2014. Possesses more than 20 years of work experience in foreign and domestic biomedicine companies.</p> <p>Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, industry knowledge, and global vision.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. The individual and spouse and underage children collectively hold 3,326,719 shares (4.30%) of the Company.</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	0
Ying-Tung Lau	<p>Master's Degree in Biology, Creighton University.</p> <p>Ph.D. in Biology, Rensselaer Polytechnic Institute.</p> <p>Former postdoctoral researcher of physiology at Massachusetts Institute of Technology and Boston University, researcher at Michigan Rogel Cancer Center, Chairman of Physiology and Pharmacology at Chang Gong University, and professor at Chang Gong University</p> <p>Head of General Affairs at Chang Gong University, Chairman of Life Sciences at Chang Gong University, and Deputy Superintendent of Chang Gong University; current President of Chang Gung University of Science and Technology.</p> <p>Possesses more than 40 years of academic work experience in foreign and domestic biomedicine institutions. Serves as President of Chang Gung University of Science and Technology since 2008.</p> <p>Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, business administration, industry knowledge, global vision, leadership, and decision making.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. Does not hold shares of the Company whether using the name of self, spouse, or 2nd-degree relatives or closer (or proxies).</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p> <p>Did not receive compensation for services rendered to the Company or affiliated enterprises in the last 2 years.</p>	0

Name \ Criteria	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Chung-Wen Tong	<p>Bachelor Degree in Statistics, Ming Chuan University. Formerly manager at PwC Taiwan and CFO of Unisys Taiwan Ltd. Possesses approximately 40 years of accounting, finance, IT audit, and related fields. Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, analytical skills in accounting and finance, and decision making.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. The individual and spouse collectively hold 448,672 shares (0.58%) of the Company. Does not meet any of the conditions stated in Article 30 of The Company Act. Did not receive compensation for services rendered to the Company or affiliated enterprises in the last 2 years.</p>	0
Yann-Ching Tsai	<p>Bachelor Degree in Mathematics, National Taiwan University Ph.D. in Accounting, University of California, Los Angeles. Former Associate Professor and President of Accounting at National Taiwan University; Lead Committee Member of Finance and Accounting Committee and Taiwan IFRS Committee at Accounting Research and Development Foundation of the R.O.C.; and Member of Securities Listing Review Committee at Taiwan Stock Exchange Corporation. Served as Associate Professor of Accounting at National Taiwan University since 1990 and promoted to professor in 1997; possesses more than 30 years of teaching and practical experience in the field of accounting. Possesses professional knowledge and skills including but not limited to the following: ability to make business judgments, analytical skills in accounting and finance, and global vision.</p>	<p>None of the spouse and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. The individual holds 7,000 shares (0.01%) of the Company. Does not meet any of the conditions stated in Article 30 of The Company Act. Did not receive compensation for services rendered to the Company or affiliated enterprises in the last 2 years.</p>	3

Note 1: Professional qualification and experience: Describe the professional qualification and experience of individual directors and supervisors; for Audit Committee members with accounting or financial expertise, describe their background and work experience in the field of accounting or finance. Also, explain whether any of the conditions mentioned in Article 30 of The Company applies.

Note 2: For independent directors, describe compliance with the independence criteria, including but not limited to: whether they themselves or spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee at the Company or any of its affiliated enterprises; the number and percentage of shareholding in the Company by self, spouse, 2nd-degree relative or closer (or proxy holder); whether they assume position as director, supervisor, or employee in any entity that the Company has special relationship with (see Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of compensation received from the Company or affiliated enterprises thereof in the last 2 years for commercial, legal, financial, or accounting services rendered.

1. Board diversity: The board of directors has 9 members each possessing abundant management experience or expertise in different fields of experience. According to internal policies, board members should be diversified in a manner that supports the Company's operations, business activities, and growth requirements, provided that the number of directors who concurrently hold managerial positions do not exceed one-third of the board, and that more than half of board members must be of local nationality. The diversification criteria should include, but is not limited to, the following two principles:

I. Background and value: Gender, age, nationality, culture etc.

II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

Goals and attainment:

I. Background and value:

- (1) 2 out of the 9 directors are female; the board is considered to be gender diversified, and aims to have female directors representing one-third of the board in the future.
- (2) 1 director was in the 51-60 age group, 5 directors were in the 61-70 age group, and 3 directors were in the 71-80 age group; the board is considered to be age diversified.
- (3) All 9 directors (including 3 independent directors) are of R.O.C. nationality, which comply with the requirement that foreign securities issuers must have at least 2 independent directors of R.O.C. nationality on the board.
- (4) 4 out of the 9 directors have acquired bachelor, master, or doctoral degree overseas; 4 possess work experience in foreign companies; and 2 have employment and R&D experience in the United States. The board is diversified in terms of academic and career background, and possesses global vision as well as a forward-thinking mindset.

#### II. Knowledge and skills:

- (1) The Company has 5 directors who possess 20-40 years of sales, research, development, or teaching experience in the biomedicine industry. 3 directors have experience in entrepreneurship; 1 director possesses background in manufacturing, engineering, new technologies, and information; 2 directors had taught as lecturer or above in a public or private tertiary institution; and 2 independent directors have abundant teaching and practical experience in finance and accounting.
- (2) Diversification of the current board is considered adequate and relevant to the Company's operational requirements, visions, and future strategies. Law specialists such as judge, prosecutor, lawyer etc. and professionals/technicians certified by national exam will also be taken into consideration for board diversity in the future.

#### 2. Board independence:

- (1) The Company has 3 independent directors on the board, which conforms with Article 25.4 of the Articles of Incorporation that the board shall have no fewer than three (3) independent directors on board.
- (2) All 3 independent directors are of R.O.C. nationality, which conforms with Article 25.4 of the Articles of Incorporation that at least two independent directors must have registered address in The Republic of China.
- (3) The Company has 2 independent directors with accounting or financial knowledge, which conforms with Article 25.4 of the Articles of Incorporation that at least one independent director must possess accounting or financial knowledge.
- (4) With regards to Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act, the Company has 7 directors on the board who are not related to each other as spouse or 2nd-degree relative or closer.
- (5) The Company was founded by President Lee in 1997, who had the capacity to manage internal and external affairs in the early days. Having noticed the market's immense potentials, Lee invited his spouse, Madam Joyce Wang, who possesses equivalent level of knowledge, to serve as Chairman. Together, they led the management team and built the foundation for the Group's success today. Prior to joining the Company in 2000, Chairman Wang had served as a senior manager at a globally renowned information firm for extended period of time. The Chairman and the President contribute different expertise and management experience, and work within clearly defined responsibilities; the Chairman focuses more on the development of corporate governance practices, corporate social responsibilities, talent development system, corporate culture, and sustainability management, whereas the President is responsible for the design and execution of corporate strategies, business promotion, and financial planning. Having the couple serve as Chairman and President is both reasonable and necessary for enforcing business philosophy and for the continuity of the organization. Furthermore, to comply with legal requirements on corporate governance, the Company has proposed to introduce one independent director seat, which will be filled following the director re-election in 2023.

## (III) Background information of the President, vice presidents, assistant vice presidents, and heads of various departments and branches

## 1. The Company

Unit: shares, %; March 26, 2023

Title	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent positions in other companies	Spouse or relatives of second degree or closer serving as managers			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President	The Republic of China	Duane Lee	Male	April 1, 2014	8,449,834	10.91	7,301,186	9.43	2,544,623	3.29	Bachelor Degree in Chemical Engineering, National Tsing Hua University Philips Electronics Hong Kong Limited Healthcare Department - General Manager of Greater China Business Beckman Coulter - General Manager of Greater China Region	Note 1	-	-	-	Note 2
Chief Internal Auditor	People's Republic of China	Fang Ma	Female	August 24, 2022	-	-	-	-	-	-	Major in Financial Management, Southwestern University of Finance and Economics Shanghai Runda Medical Technology Co., Ltd. - Audit Manager Cowealth Medical China Co., Ltd. - Chief Internal Auditor	-	-	-	-	Note 3
Chief Internal Auditor	The Republic of China	Chia-Ping Chien	Female	March 26, 2019	-	-	-	-	-	-	Bachelor Degree in Accounting, Tunghai University Taiwan Securities - Financial Broker Zhongshan Mingming Aluminum Products Co., Ltd. - Head of Finance Aplus Design & Manufacturing Corp. - cost accountant and overseas auditor Shanghai Diplomat Cases & Bags Co., Ltd. - Head of Treasury Suzhou Jingtong Photoelectric Technology Co., Ltd. - Deputy Treasury Manager	-	-	-	-	Note 3
Head of Finance & Accounting and Acting Spokesperson	The Republic of China	Li-Feng Lin	Female	August 24, 2022	-	-	-	-	-	-	Bachelor in Accounting, Soochow University PwC Taiwan - Deputy Manager of Auditing Department	-	-	-	-	Note 4
Head of Finance & Accounting and Acting Spokesperson	The Republic of China	I-Hsuan Su	Female	March 8, 2021	-	-	-	-	-	-	Bachelor Degree in Finance, National Central University PwC Taiwan - Deputy Manager of Auditing Department	-	-	-	-	Note 4
Corporate Governance Officer	People's Republic of China	Li-Ching Chiao	Female	March 7, 2023	-	-	-	-	-	-	Bachelor, Shanghai Lixin University of Accounting and Finance Airtropolis Express(s) Shanghai Pte. Ltd. - Assistant Manager of Audit Department Cowealth Medical China Co., Ltd. - Financial Analyst	-	-	-	-	Note 5

Note 1: Cowealth Medical China Co., Ltd. - Chairman; Coaim Information Technology Co., Ltd. - Executive Director; CHM Consulting Co., Limited - Executive Director; Colab Research & Development Inc. - Director; Health Space Consultation & Management (Shanghai) Co., Ltd. - President; U Health Business Management (Shanghai) Co., Ltd. - President; Cowealth Investment Co., Ltd. - Director; Wun-Wei Investment Co., Ltd. - Director; Jie-Li Investment Co., Ltd. - Director; Le-Li Investment Co., Ltd. - Director; Royal Seal Holding Co., Limited - Director; Cowealth Holding Co., Ltd (Cayman) - Director.

Note 2: The Chairman's spouse.

Note 3: Chia-Ping Chien was dismissed from the position of Chief Internal Auditor due to resignation on July 15, 2022, and Fang Ma was temporarily appointed for the position of Chief Internal Auditor on July 15, 2022, and the Board of Directors ratified and approved such position on August 24, 2022.

Note 4: I-Hsuan Su was dismissed from the positions of Head of Finance & Accounting and Acting Spokesperson on August 24, 2022, and Li-Feng Lin newly assumed the positions of Head of Finance & Accounting and Acting Spokesperson.

Note 5: Li-Ching Chiao newly assumed the position of Corporate Governance Officer on March 7, 2023.

2. Entity: Cowealth Medical China Co., Ltd.

Unit: shares; %, March 26, 2023

Title	Nationality	Name	Gender	Date elected/appointed	Shareholding (Note 1)		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent positions in other companies	Spouse or relatives of second degree or closer serving as managers			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President	The Republic of China	Joyce Wang	Female	April 19, 2019	7,301,186	9.43	8,449,834	10.91	2,544,623	3.29	Bachelor Degree in Commerce, National Taiwan University Unisys Taiwan Ltd. - Assistant Vice President	Note 2	Chairman	Duane Lee	Spouse	
Vice President	The Republic of China	Michael Du	Male	April 19, 2019	414,181	0.53	-	-	-	-	Bachelor Degree in Chemical Engineering, Chung Yuan Christian University Beckman Coulter - General Manager of Greater China Region Harmony Biotech Co., Ltd. - Manager of China Region Parnassian Trading Co., Ltd. - Vice President Prit Biotechnology Co., Ltd. - President	-	-	-	-	
Vice President	People's Republic of China	Feng-Hua Wang	Male	April 19, 2019	-	-	-	-	-	-	Professional Bachelor Degree in Nuclear Electronics, Department of Modern Physics, University of Science and Technology of China Factory 263 - R&D Engineer Guangdong Weida Medical Appliance Group Company - R&D Engineer Aixin PC Institute Co., Ltd. - R&D Engineer	-	-	-	-	
Vice President	The Republic of China	Dick Yang	Male	April 19, 2019	83,988	0.11	-	-	-	-	Bachelor Degree, School of Technology for Medical Sciences, Kaohsiung Medical University Beckman Coulter Life Sciences Taiwan Office - General Manager of Clinical Diagnosis Business Beckman Coulter Commercial Enterprise (China) Co., Ltd. - General Manager of Clinical Diagnosis Business	-	-	-	-	
Vice President and Secretary of Board of Directors	People's Republic of China	Crystal Chen	Female	April 19, 2019	-	-	-	-	-	-	Bachelor Degree in International Economic Law, East China University of Political Science Shanghai Zhongxin Zhengyi Law Firm - Attorney China Oriental Group Co., Ltd. - President's Assistant	-	-	-	-	
General Manager of Strategic Development Department	The Republic of China	Kenneth Tseng	Male	January 1, 2015	99,403	0.13	-	-	-	-	Master's Degree in Law, National Taiwan University Citibank - Specialist CTBC Bank - Specialist Cowealth Medical China Co., Ltd. - Director of Materials Department	-	-	-	-	
General Manager of Treasury Department	People's Republic of China	Joy Zhang	Female	November 9, 2010	-	-	-	-	-	-	Master of Applied Finance, Victoria University of Wellington Registered CPA in China BDO China - Project Manager Cowealth Medical China Co., Ltd. - Accounting Manager	-	-	-	-	
Audit Director	People's Republic of China	Yoyo Zhu	Female	February 21, 2014	-	-	-	-	-	-	Department of International Finance, Zhongnan University of Economics and Law Shanghai Fengshen Central Air Conditioner Sale Co., Ltd. - Accountant Cowealth Medical China Co., Ltd. - Financial Analyst Cowealth Medical Holding Co., Ltd. and Cowealth Medical China Co., Ltd. - Head of Operations Cowealth Medical Holding Co., Ltd. and Cowealth Medical China Co., Ltd. - Financial Analyst	-	-	-	-	

Note 1: Refers to shareholding in the Company.

Note 2: Cowealth Medical Science & Biotechnology Inc. - Chairman; Cowealth Medical China Co., Ltd. - Director and Representative; Coaim Information Technology Co., Ltd. - President and Corporate Representative; CHM Consulting Co., Limited - President and Representative; Colab Research &

Development Inc. - Chairman and Representative; Health Space Consultation & Management (Shanghai) Co., Ltd. - Executive Director and Representative; U Health Business Management (Shanghai) Co., Ltd. - Executive Director and Representative; Cowealth Investment Co., Ltd. - Chairman; Wun-Wei Investment Co., Ltd. - Chairman; Jie-Li Investment Co., Ltd. - Chairman; Mark Investment Co., Ltd. - Chairman; Le-Li Investment Co., Ltd. - Chairman; Richtek Technology Ltd. (HK) - Director; Cowealth Holding Co., Ltd. - Director; Royal Seal Holding Co., Limited - Director and Cowealth Technology Co., Ltd. - Director.

### III. Compensation paid to directors (including independent directors), supervisors, the President, and vice presidents in the last year

#### (I) Compensation to non-independent and independent directors

December 31, 2022; unit: NTD thousands

Title	Name	Directors' Remuneration								Sum of A, B, C and D as a percentage of net income (Note 8)	Compensation received as employee								Sum of A, B, C, D, E, F, and G and relative percentage to net income (Note 8)	Compensation from parent company or business investments other than subsidiaries (Note 9)		
		Benefits (A) (Note 2)		Severance pay and pension (B)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)			Salaries, bonuses, special allowances etc. (E) (Note 5)		Severance payment and pension (F)		Employee remuneration (G) (Note 6)							
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		All companies included in the financial statements (Note 8)				The Company	All companies included in the financial statements (Note 7)
														Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares					
Chairman	Wang Chiung Chih	0	6,368	0	0	496	496	14	14	510 0.54%	6,878 7.31%	0	10,861	10,748	53,625	0	0	0	0	11,258 11.96%	28,487 30.27%	0
Director	Duane Lee	0	5,168	0	0	496	3,144	14	14	510 0.54%	8,326 8.85%	0	5,878	0	0	1,360	0	1,360	0	1,870 1.99%	15,564 16.54%	0
Director	Chuan Chin	0	0	0	0	496	496	14	14	510 0.54%	510 0.54%	0	0	0	0	0	0	0	0	510 0.54%	510 0.54%	0
Director	Kuang-Tsan Tsao	0	0	0	0	496	496	8	8	504 0.54%	504 0.54%	0	0	0	0	0	0	0	0	504 0.54%	504 0.54%	0
Director	Le-Sheng Wu	0	0	0	0	496	496	14	14	510 0.54%	510 0.54%	0	0	0	0	0	0	0	0	510 0.54%	510 0.54%	0
Director	Po-Chien Hu	0	0	0	0	496	496	14	14	510 0.54%	510 0.54%	0	0	0	0	0	0	0	0	510 0.54%	510 0.54%	0
Independent Director	Ying-Tung Lau	600	600	0	0	0	0	14	14	614 0.65%	614 0.65%	0	0	0	0	0	0	0	0	614 0.65%	614 0.65%	0
	Chung-Wen Tong	500	500	0	0	0	0	14	14	514 0.55%	514 0.55%	0	0	0	0	0	0	0	0	514 0.55%	514 0.55%	0
	Yann-Ching Tsai	700	700	0	0	0	0	12	12	712 0.76%	712 0.76%	0	0	0	0	0	0	0	0	712 0.76%	712 0.76%	0
Total		1,800	13,336	0	0	2,976	5,624	118	118	4,894 5.20%	19,078 20.27%	0	16,740	10,748	53,625	1,360	0	1,360	0	17,002 18.07%	47,925 50.92%	0

Explanation

1. The policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: Independent directors of the Company are paid fixed compensation and travel allowance for attending meetings; aside from the above, independent directors are not entitled to profit sharing such as director remuneration. This arrangement ensures the professionalism and independence of independent directors. The amount of compensation takes multiple factors into

consideration, such as: peer level, whether the individual holds concurrent position as functional committee convener, the amount of time committed, the responsibilities borne etc., and is determined by the board of directors.

2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

Note1. Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representative are presented separately), while amounts of various benefits are presented on an individual basis.

Note2. Refers to director's compensation in the last year (including salaries, allowances, severance pay, various bonuses and incentives).

Note3. Represents the amount of director remuneration that the board has proposed as part of the latest earnings appropriation.

Note4. Refers to compensation paid for services rendered (including travel, special allowances, subsidies, accommodation, corporate vehicle, and in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol, and other subsidies are also disclosed. Where personal drivers were assigned, a footnote disclosure explaining the amount of compensations made to drivers is provided; these compensations do not count toward compensations of the above beneficiaries.

Note5. Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as President, Vice President, manager or other employee). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol, and other subsidies are also disclosed. Where personal drivers were assigned, a footnote disclosure explaining the amount of compensations made to drivers is provided; these compensations do not count toward compensations of the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee warrants, restricted employee shares, and subscription to cash issues are also treated as compensation.

Note6. Refers to any compensation that the director received (in cash or in shares) in the last year for assuming the role of an employee (such as President, Vice President, manager, or other employees). The amount of employee remuneration proposed by the board of directors in the last year has been disclosed (where the amount could not be estimated, the percentage of amount paid in the last year was used to calculate pro-forma amount for the current year). The Table - "Names of Managers Receiving Employee Remuneration" has also been completed for reference.

Note7. The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents total amount of compensation paid by all companies above to the Company's directors.

Note8. Net income refers to the amount reported in standalone or individual financial statements of the most recent year. If IFRSs have been adopted, net income shall refer to the amount shown in the latest consolidated financial statements.

Note9. a. This field represents all forms of compensation that the director received from the Company's parent company or business investments other than subsidiaries (or "None" if absent).

b. For directors who received compensation from parent company or business investments other than subsidiaries, amounts received from these business investments or parent company have been added to column I of the compensation brackets table. In which case, column I will be renamed "...parent company and all business investments.."

c. Compensation refers to any benefit, remuneration (including remuneration received as an employee, director, and supervisor), and professional service fee that the Company's director received for serving as director, supervisor, or manager in the parent company or business investments other than subsidiaries.

Note10. In 2022, Joyce Wang received the pension of NT\$10,747,733 from the Company and the retirement pension of NT\$42,877,267 from Cowealth Medical Science & Biotechnology. The pension collected from Cowealth Medical Science & Biotechnology referred to the amount collected over the past years, such that it had no effect on the net income of the Company in 2022.

\*\*The basis of compensation disclosed above is different from the basis of the income tax law, hence the above table has been prepared solely for information disclosure, and not for tax purpose.



(II) Supervisors' compensation: The Company has assembled an Audit Committee to replace supervisors, hence not applicable.

(III) Compensation to the President and vice presidents

December 31, 2022; unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C and D as a percentage of net income (%) (Note 5)		Compensation from parent company or business investments other than subsidiaries (Note 7)
		The Company	All companies included in the financial statements (Note 6)	The Company	All companies included in the financial statements (Note 6)	The Company	All companies included in the financial statements (Note 6)	The Company		All companies included in the financial statements (Note 6)		The Company	All companies included in the financial statements (Note 6)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Duane Lee	0	5,878	0	0	0	0	1,360	0	1,360	0	1,360 1.45%	7,238 7.69%	0

\* Disclosure is mandatory for persons who hold positions equivalent to a President or vice president (e.g. group president, CEO, general manager etc.).

Note1. The names of President and vice presidents are presented separately, while amounts of various benefits are presented on an individual basis.

Note2. Refers to salaries, allowances, and severance pay made to the President and vice presidents in the last year.

Note3. Refers to other compensations such as bonus, incentive, travel allowance, special allowance, subsidy, accommodation, corporate vehicle, or other in-kind benefits made to the President and vice presidents. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol, and other subsidies are also disclosed. Where personal drivers were assigned, a footnote disclosure explaining the amount of compensations made to drivers is provided; these compensations do not count toward compensations of the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee warrants, restricted employee shares, and subscription to cash issues are also treated as compensation.

Note4. Represents the amount of employee remuneration provided for the President and Vice Presidents (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). The Table "Names of Managers Receiving Employee Remuneration" has also been completed for reference.

Note5. Compensation is presented in aggregate of all amounts paid by all companies covered by the consolidated financial statements (including the Company) to the Company's President and vice presidents.

Note6. Net income refers to the amount reported in standalone or individual financial statements of the most recent year. If IFRSs have been adopted, net income shall refer to the amount shown in the latest consolidated financial statements.

Note7. a. This field represents all forms of compensation that the President and vice presidents received from the Company's parent company or business investments other than subsidiaries (or "None" if absent).

b. For President/vice presidents who receive compensation from parent company or business investments other than subsidiaries, the amount of compensation from parent company or business investments have been added to column E of the compensation brackets table. In which case, column E will be renamed "...parent company and all business investments..."

c. Compensation refers to any benefit, remuneration (including remuneration received as an employee, director, and supervisor), and professional service fee that the Company's President and vice presidents received for serving as director, supervisor, or manager in the parent company or business investments other than subsidiaries.

Note 8. The Company is a holding company, and only has one President and one Vice President.

\*\*The basis of compensation disclosed above is different from the basis of the income tax law, hence the above table has been prepared solely for information disclosure, and not for tax purpose.

(IV) Names of managers receiving employee remuneration

December 31, 2022; unit: NTD thousands

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income
Managers	President	Duane Lee	0	1,360	1,360	1.45%

Note 1: Names and titles have been disclosed separately, whereas the amount of profit sharing can be disclosed in aggregate sum.

Note 2: Refers to the amount of employee remuneration allocated to managers (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, the percentage of amount paid in the last year was used to calculate pro-forma amount for the current year).

Net income refers to the amount reported in the most recent year. If IFRSs have been adopted, net income shall refer to the amount shown in the latest standalone or individual financial statements.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-III-0920001301 dated March 27, 2003, the role of manager covers the following positions:

(1) President or equivalent grade (2) Vice president or equivalent grade (3) Assistant vice president or equivalent grade (4) Head of treasury department (5) Head of accounting department (6) Other managerial positions and authorized signatories within the Company.

Note 4: For directors, President, and vice presidents who receive employee remuneration (in cash or in shares), details have been disclosed in this table in addition to Table - "Compensation to Non-independent and Independent Directors."

(V) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and vice presidents, and their respective percentages to consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks:

1. Percentage (%) of net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and vice presidents in the last 2 years

Unit: NTD thousands

	2021	2022
Sum of compensation paid to the Company's directors, supervisors, President, and vice presidents in the current year	44,027	47,925
Current net income (Note)	139,464	94,115
Directors', supervisors', President's, and vice presidents' compensations paid as a percentage to net income	31.57%	50.92%

Note: Current net income attributable to owners of the parent.

2. Compensation policies, standards, packages, and procedures, and association with future risks and business performance:

In addition to receiving fixed pay for the responsibilities borne, directors of the Company may also take part in profit sharing. According to the Articles of Incorporation, the amount of salary paid to directors for services rendered is determined by the board of directors after taking into consideration their participation and contribution to the Company's operations, whereas the amount and extent of profit sharing are proposed by the board of directors and approved through ordinary resolution during shareholder meeting before distribution, in which directors can not be paid more than 3% of the Company's net income in the given year.

Before making major decisions, the Company would take into consideration the prevailing and future risk factors, and compensate the management accordingly based on how the decisions contribute to customer and business growth. In other words, managers' compensations adequately reflect their professional capacity and outcomes of the Company's business efforts, and have been appropriately associated with future risks.

Managers of the Company (including directors who hold concurrent managerial positions) are compensated after taking into consideration the salary standards of comparable industries published by Hewitt Associates, the largest talent consultancy company in China; the compensation package includes both fixed salary and a variable bonus that is determined based on actual work performance.

## IV. Implementation of corporate governance

### (I) Functionality of the board of directors

A total of 7 board meetings (A) were held in the last year; the Company does not have any supervisor in place, and below are directors' attendance records:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) [B/A]	Remarks
Chairman	Wang Chiung Chih	7	0	100%	
Director	Duane Lee	7	0	100%	
Director	Chuan Chin	7	0	100%	
Director	Kuang-Tsan Tsao	4	3	43%	
Director	Le-Sheng Wu	7	0	100%	
Director	Po-Chien Hu	7	0	100%	
Independent Director	Yann-Ching Tsai	6	1	86%	
Independent Director	Ying-Tung Lau	7	0	100%	
Independent Director	Chung-Wen Tong	7	0	100%	

#### Other mandatory disclosures:

- I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motion, independent directors' opinions and how the Company had responded to such opinions:
  - (I) Conditions mentioned in Article 14-3 of the Securities and Exchange Act: The Company has assembled an Audit Committee and is therefore not subject to Article 14-3 of the Securities and Exchange Act. For disclosures relating to Article 14-5, please refer to "Functionality of the Audit Committee" located on page 26 of this annual report.
  - (II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.
- II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:
  - (I) Issues of concern:
    1. The board of directors meeting held on March 21, 2022 involved a discussion on the payment of 2021 remuneration to directors (excluding independent directors) and employees, for which 6 of the Company's directors including Joyce Wang, Duane Lee, Chuan Chin, Le-Sheng Wu, Kuang-Tsan Tsao, and Po-Chien Hu had recused from discussion and voting in accordance with Board of Directors Conference Rules.
    2. The board of directors meeting held on March 21, 2022 involved a discussion on the determination of 2022 salaries/benefits for directors and managers, for which 6 of the Company's directors including Joyce Wang, Duane Lee, Chuan Chin, Le-Sheng Wu, Kuang-Tsan Tsao, and Po-Chien Hu had recused from discussion and voting in accordance with Board of Directors Conference Rules.
    3. The board of directors meeting held on March 21, 2022 involved a discussion on the determination of 2022 performance bonus for managers, for which Directors Joyce Wang and Duane Lee had recused from discussion and voting in accordance with Board of Directors Conference Rules.
    4. The board of directors meeting held on November 9, 2022 involved a discussion on the payment of 2021 remuneration for employees, for which Director Duane Lee had recused from discussion and voting in accordance with Board of Directors Conference Rules.
    5. The board of directors meeting held on November 9, 2022 involved a discussion on the retirement of Joyce Wang of the subsidiary Cowealth Medical Science & Biotechnology Inc., for which Director Wang Chiung Chih had recused from discussion and voting in accordance with Board of Directors Conference Rules.
  - (II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.
- III. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and details of board performance self (or peer) evaluations performed, and complete the Attachment - Execution of Board Performance Evaluation.
  - (I) Execution of board performance evaluation:  
The Company passed a set of "Board of Directors Performance Assessment Policy" on March 9, 2020:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
International performance assessment is conducted once a year according to assessment procedures and assessment indicators.	Performance of the board of directors between January 1 and December 31, 2022 was assessed at the end of the year.	Covers performance of the board as a whole, the individual directors, and functional committees.	Board internal self-assessment, director self-assessment, and peer self-assessment.	Please see page 25 of this annual report for "2022 Board of Directors Performance Assessment."
Assessment outcome: To be completed before the end of the first quarter next year.				

(II) Enhancements to the functionality of board of directors in the current and most recent year, and progress of such enhancements:

1. The board of directors acts under the direct authorization of shareholders; the board is required to perform its duties and execute corporate governance-related actions and arrangements in accordance with laws, Articles of Incorporation, and shareholders' resolutions. The Company passed a set of "Corporate Governance Code of Conduct" on May 7, 2020 and later amended it on March 21, 2022 to ensure alignment with international corporate governance practices. In addition to complying with laws, Articles of Incorporation, and terms of the contract signed with Taipei Exchange, the Company has also taken steps to: protect shareholders' interests, enhance board functionality, empower independent directors, address stakeholders' interests, and improve information transparency.

2. Directors' and independent directors' education:

All directors and 3 independent directors of the Company have completed the required number of training hours in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Training hours and course details have been disclosed on Market Observation Post System (MOPS). Please see pages 43 to 44 of this annual report.

3. The board of directors functions in compliance with "Board of Directors Conference Rules" and "Standard Operating Procedures for Resolving Directors' Requests," and convenes meetings according to the above rules. The board is deemed to have delivered good performance to date.

4. The Company is dedicated to maintaining operational transparency, and has been disclosing material information and relevant details onto MOPS in accordance with "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities" after each board meeting for the protection of shareholders' interests.

5. Performance assessment of board of directors and functional committees:

(1) Execution unit of internal board performance assessments. The Company has established a set of "Board of Directors Performance Assessment Policy" that requires internal board performance assessments to be conducted at the end of each year according to assessment procedures and assessment indicators. External performance assessment for the Company's board of directors is conducted at least once every three years by an independent professional institution or a team of experts and scholars from outside the Company. Assessment outcomes are to be completed before the end of the first quarter the following year, and presented to the board of directors.

(2) Performance assessment of the board of directors covers at least the five main aspects below: participation in the Company's operations, improvement to the quality of board decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control.

(3) Directors' individual performance (self) assessment covers at least the following six main aspects: director's awareness toward the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and ongoing education, and enforcement of internal control.

(4) Assessment of functional committee performance covers at least the following five main aspects: participation in the Company's operations, awareness to duties, improvement to the quality of committee's decisions, composition and member selection, and enforcement of internal control.

(5) According to the outcome of the 2022 assessment, the board of directors has functioned fully in line with the Company's operational requirements, and is effective at promoting sound corporate governance with regards to sustainability, social responsibilities, risk management, and long-term strategy. Outcome of board performance assessment is taken into consideration when electing or nominating independent directors for the next board. Performance assessment of individual directors is taken into consideration when determining individual compensation. Outcome of board of directors and functional committee assessments:

**(The internal and external assessment results were reported during the 23rd meeting of the 7th board of directors dated March 21, 2023)**

● Internal board performance assessment

Serial No.	Assessment method	Scope of assessment	Assessment details	Question No.	Assessment outcome
1	Self-assessment of	Board performance	1. Level of participation in the Company's operations	12	Total average of self-assessments

	board members	assessment	2. Improvement of board decision quality	12	score was 4.87 (total score of 5 points) The board of directors has performed favorably
			3. Composition of the board of directors	7	
			4. Election and continuing education of the directors	7	
			5. Internal control	7	
2	Self-assessment of board members	Performance assessment of individual directors	1. Comprehension of the Company's targets and missions	3	Total average of self-assessments score was 4.92 (total score of 5 points)
			2. Directors' duty awareness	3	
			3. Level of participation in the Company's operations	8	
			4. Management and communication of internal relations	3	
			5. Professionalism and ongoing education of directors	3	
			6. Internal control	3	
3	Self-assessment of Audit Committee members	Assessment of functional committee performance	1. Level of participation in the Company's operations	4	Total average of self-assessments score was 4.97 (total score of 5 points)
			2. Awareness towards the duties of the Audit Committee.	5	
			3. Improvement to Audit Committee's decision quality	7	
			4. Composition of Audit Committee and selection of committee members	3	
			5. Internal control.	3	
4	Self-assessment of Remuneration Committee members	Assessment of functional committee performance	1. Level of participation in the Company's operations	4	Total average of self-assessments score was 4.96 (total score of 5 points)
			2. Awareness towards the duties of the Remuneration Committee	5	
			3. Improvement to Remuneration Committee's decision quality	7	
			D=4. Composition of Remuneration Committee and selection of committee members	3	

● External board performance assessment

For the present external board performance assessment, Taiwan Institute of Ethical Business was entrusted to perform the 2022 board performance assessment, and the questionnaire survey and director interview methods were adopted to assess the board performance. The assessment was performed according to the operation of the board of directors, and the assessment result indicated a score of 4.85 (total score of 5 points). Accordingly, the overall operation of the board is proper.

IV. Enhancement to functionality of the board of directors in the current and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

(I) The Company has three independent directors on the board; an Audit Committee comprising the entirety of independent directors has been assembled, and the role of committee convener is undertaken by Yann-Ching Tsai, professor of accounting at National Taiwan University.

The board of directors convened a total of 10 meetings in 2022 and up until the publication date of annual report. Attendance of independent directors at board meetings is explained below:

In-person attendance: ☉ Proxy attendance: ☆ Absence: \*

Name of independent director	2022							2023		
	January 27	February 21	March 21	May 12	August 24	November 9	December 21	March 7	March 21	April 10
Yann-Ching Tsai	☉	☉	☉	☉	☆	☉	☉	☉	☉	☉
Ying-Tung Lau	☉	☉	☉	☉	☉	☉	☉	☉	☉	☉
Chung-Wen Tong	☉	☉	☉	☉	☉	☉	☉	☉	☉	☉

(II) The Company has also assembled a Remuneration Committee, in which the role of convener is undertaken by President Ying-Tung Lau of Chang Gung University of Science and Technology, whereas Independent Directors Chung-Wen Tong and Shu-Hua Chen serve as members of the Remuneration Committee.

(III) All financial statements of Cowealth Group are audited by KPMG. All information mandated by laws has been disclosed on Market Observation Post System. The Company also maintains its website in both Chinese and English to disclose relevant business information for shareholders' and stakeholders' reference.

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

The Company has assembled an Audit Committee to replace supervisors. A total of 7 Audit Committee meetings (A) were held in the last year and up until the current day; independent directors' attendance records are summarized below:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A)	Remarks
Independent Director	Yann-Ching Tsai	6	1	86%	
Independent Director	Ying-Tung Lau	7	0	100%	
Independent Director	Chung-Wen Tong	7	0	100%	

Other mandatory disclosures:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of board of directors meeting held, the discussed topics, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act: Please see pages 198-199 of this annual report for details.

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

II. Avoidance of involvements in interest-conflicting motions by independent directors; state the names of independent directors, the motion, the nature of conflicting interests, and the voting process:

There was no occurrence in the last year that required recusal.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

(I) The Audit Committee convenes its meetings and approves motions according to "Audit Committee Charter." The Chief Internal Auditor is invited to all Audit Committee and board of directors meetings. The Chief Internal Auditor presents audit reports to independent directors on a monthly basis. The Chief Internal Auditor makes quarterly reports on audit issues and internal control defects to independent directors and responds to queries during Audit Committee meetings. The Company organizes conferences once a year to facilitate communication between independent directors and internal/external auditors on various issues such as inspection opinions. Conference proceedings are recorded in minutes and presented during board of directors meetings.

(II) Independent directors communicate with CPAs in Audit Committee meetings. The CPAs make regular reports to independent directors on the outcome of financial statement audit or review, and would discuss with independent directors on the trends and implications of future regulatory amendments, and notify Audit Committee members of any extraordinary circumstances. CPAs are also invited to provide opinions in board of directors meetings, and are considered to have engaged independent directors in productive communication.

Summary of matters communicated in the last year:

Method of communication Audit Committee board and meeting Date	Key points of communication
Audit Committee (15th meeting of the 7th board) 2022/05/12	I. Explanation to the review of 2022 first-quarter financial statements II. Statement of Auditing Standards No. 75 main "impact identification and assessment of risk of material misstatement" III. Important securities and exchange act updates Amendment to questions and answers for repurchase of treasury shares of public companies Material information, information declaration, sustainable development roadmap initiation - carbon inspection of public companies IV. Important tax law updates Amendment of Enforcement Rules of the Income Basic Tax Act Interpretation and newsletters related to profit-seeking enterprise income tax

Audit Committee (16th meeting of the 7th board) 2022/08/24	I. Explanation to the review of 2022 second-quarter financial statements II. Other precautions Concerns of competent authority in recent period - response measures of enterprises III. Important regulatory updates Amendment of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies"
Audit Committee (17th meeting of the 7th board) 2022/11/09	I. Explanation to the review of 2022 third-quarter financial statements II. Important regulatory updates Amendment of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" Enhancement of supervisory mechanism of public companies in response to Roo Hsing Case Amendment of "Rules Governing the Preparation and Filing of Sustainability Reports" public companies Upcoming amendment of "Regulations Governing Information to be Published in Annual Reports of Public Companies" Upcoming amendment of "Securities and Exchange Act"
Audit Committee (20th meeting of the 7th board) 2023/03/21	I. Explanation to the audit of 2022 financial statements II. Summary of recent updates of audit standards III. Important regulatory updates for Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers Sample Template for Rules Governing Financial and Business Matters Between Corporation and its Affiliated Enterprises of Public Companies Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

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

Assess criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	√		Cowearth Group has always adopted good corporate governance practices and persisted in raising the transparency of its operations for shareholders' best interest. Cowearth Group has implemented a complete corporate governance framework, including the establishment of "Corporate Governance Code of Conduct" on May 7, 2020 and supplementary amendments on March 21, 2022 in line with the latest regulations on virtual shareholder meeting, both of which were approved during the respective board of directors meetings.	As explained in the summary
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated	√ √ √		(I) Cowearth Group has appointed a share transfer agent in Taiwan to handle shareholder service according to internal procedures. A spokesperson and acting spokesperson have also been assigned to handle shareholders' suggestions as outlined in procedures. (II) The Company monitors the identities of its shareholders through the shareholder registry provided by the share transfer agent. The Company also maintains interaction with major shareholders to establish the identity of its ultimate controller. Any change in shareholders is investigated when filing monthly report. (III) The Company has established an internal control system in accordance with "Regulations Governing	No material deviation is found

Assess criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
with?  (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	√		<p>Establishment of Internal Control Systems by Public Companies," "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to support its supervisory efforts over subsidiaries. In addition to implementing clearly defined responsibilities and authorities between the Company and affiliated enterprises, appropriate firewalls have also been created based on risk assessment, and are being executed and managed persistently.</p> <p>(IV) Cowealth Group has "Insider Trading Prevention Policy" and "Illegal, Unethical, or Dishonest Conduct Reporting Policy" in place that prohibit any conduct likely to be construed as insider trading, which apply to all employees, managers, and directors of the Company, as well as any personnel who gain information through occupation or controlling relationship. The Company also encourages report of any conduct that is illegal or in violation of the Code of Ethical Conduct or Integrity Code of Conduct, and organizes internal training and awareness promotion on a regular basis.</p>	
<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Has the board devised and implemented policies to ensure diversity of its members?</p> <p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p> <p>(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions?</p> <p>(IV) Are external auditors' independence assessed on a regular basis?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p>	<p>(I) The board of directors of Cowealth Group comprises members with practical experience in world-class businesses or academic experience in reputable institutions. The current board has one female director and three independent directors. Alternatively, visit the Company's website for details: <a href="https://www.cowealthholding.com">https://www.cowealthholding.com</a></p> <p>(II) Cowealth Group has assembled a Remuneration Committee and an Audit Committee; other functional committees will be assembled as needed in the future.</p> <p>(III) The "Board of Directors Performance Assessment Policy" passed in 2020 specifies that: "When selecting or nominating independent directors, the board shall take into consideration the performance assessment of individual directors, and determine the level of compensation based on performance assessment of individual directors." Performance self-assessment of the board of directors for a given year is conducted at the beginning of the following year. The outcome of the 2022 internal and external performance assessment had already been reported during the board of directors' meeting held on March 21, 2023, which will be used as reference for remuneration and nomination decisions for individual director in the future. Please see page 23-25 of this annual report.</p> <p>(IV) The Company evaluates independence of financial statement auditors each year, and reports evaluation outcome to the board of directors. Evaluation of auditor independence for the most recent year (2023)</p>	No material deviation is found



Assess criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			was approved during the 23rd meeting of the 7th board dated March 21, 2023. Please see pages 32-34 of this annual report (Note 1) for details.	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	√		The Company's Corporate Governance Officer has been approved by the board of directors through resolution on March 7, 2023, and Mrs. Li-Ching Chiao, Associate Director of Financial Department of Cowealth China has been appointed to concurrently act as the Corporate Governance Officer. She is equipped with the experience of management position of units related to legal, finance, stock affairs or corporate governance related affairs of public companies for more than three years. The Company has a corporate governance unit that is responsible for: providing timely information on MOPS or corporate website, assisting in the identification of shareholders with significant ownership interest, providing directors and supervisors with the information needed to perform duties, organizing ongoing education, overseeing matters concerning board meetings and shareholder meetings, executing company registration and changes, producing board meeting and shareholder meeting minutes, and regular assessment of CPA's independence and suitability. The Company will arrange the Corporate Governance Officer to complete the 18-hour continuing education course within one year according to the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".	No material deviation is found
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	√		The Company has created a dedicated stakeholders section on its website and implemented a set of "Illegal, Unethical, or Dishonest Conduct Reporting Policy" to properly respond to key corporate social responsibility issues that are of concern to stakeholders. The Company has implemented internal communication channels for employees. Employees are able to reflect opinions through email or written correspondence.	No material deviation is found
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	√		The Company has commissioned the Transfer Agency Department of CTBC Bank Co., Ltd. to handle shareholder services.	No material deviation is found
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?  (II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?  (III) Does the Company publish and make	√  √	√	(I) The Company has set up an official website ( <a href="http://www.cowealthholding.com">http://www.cowealthholding.com</a> ) to disclose financial, business, and corporate governance-related information. Website disclosures are updated from time to time for investors' reference, and relevant disclosures are made onto MOPS according to rules.  (II) The Company maintains its website in three different languages (Traditional Chinese, Simplified Chinese, and English), and has assigned dedicated personnel to gather and disclose public information. Furthermore, a spokesperson system has been implemented within the organization. Proceedings of investor conference are placed on company website for information transparency.	No material deviation is found

Assess criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2, and Q3 financial reports along with monthly business performance before the required due dates?			(III) The Company complies with instructions of the authority and publishes/files annual and quarterly financial reports along with monthly business performance within the required timeframe. All above financial information is updated simultaneously onto the Company's website.	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	√		<p>(I) Employee rights and employee care: The Company has human resources policies and incentives in place to care for employees. All main subsidiaries that are actually involved in business activities have implemented their own welfare systems and protected employees' interests in compliance with the laws of the respective countries. Refer to section - "Five. Operational Overview - V.Labor-management relations" of this annual report.</p> <p>(II) Investor relations, supplier relations, and stakeholders' rights: The Company has established internal policies on corporate social responsibility, such as "Integrity Code of Conduct" and "Sustainable Development Code of Conduct," to enforce corporate governance and promote compliance with regulations. The Board of Directors Conference Rules contain clauses on directors' recusal from interest-conflicting motions, which are duly executed.</p> <p>(III) Ongoing education of directors and supervisors: All directors and independent directors complete at least 6 hours of training each year as required by laws. See the charts presented in pages 44-45 for details.</p> <p>(IV) Risk management policy and implementation of risk assessment standard: The Company devotes significant attention to maintaining robust risk management and internal audit systems. The Company complies with "Regulations Governing Establishment of Internal Control Systems by Public Companies" by presenting an annual audit plan to the board of directors and keeping the board informed on the execution progress and audit outcomes on a quarterly basis. These measures provide reasonable assurance to the effectiveness of the internal control system.</p> <p>(V) Execution of customer policy: The Company has established its own "Integrity Code of Conduct" to enforce integrity in business activities. Contracts have been signed with customers to outline rights and obligations with each other.</p> <p>(VI) Liability insurance for directors and supervisors: The US\$10 million liability insurance that the Company had purchased for directors, supervisors, and managers in 2022 remained active as of the publication date of annual report. The Company will renew the coverage before it expires in June 2023, and present important</p>	No material deviation is found

Assess criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			policy details in the upcoming board meeting.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required if the Company is not one of the evaluated subjects): None.				

Note 1: Assessment criteria for auditors' independence: (approved during the 23rd meeting of the 7th board of directors held on March 21, 2023)

Company name:	<b>Cowealth Medical Holding Co., Ltd.</b>
Accounting period:	2023 financial statements

Independence and Competency Assessment Explanation

- I. CPA independence assessment procedures have been established based on Certified Public Accountant Act, The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and Statement on Auditing Standards.
- II. The terminology defined in Bulletin No. 10 - "Integrity, Objectivity and Independence" of The Norm of Professional Ethics is as follows:

<b>Financial interest</b>	An interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.
<b>Direct financial interest</b>	<ul style="list-style-type: none"> <li>▪ Owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others); or</li> <li>▪ Beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control, or the ability to influence investment decisions.</li> </ul>
<b>Indirect financial interest</b>	A financial interest beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has no control or ability to influence investment decisions.
<b>Family</b>	A spouse (or equivalent) or dependent.
<b>Immediate family</b>	Lineal, immediate affinity and sibling.

- III. The CPA competency assessment procedure is established in accordance with the Audit Quality Indicators (AQIs) framework specified by the FSC, including 5 main aspects of professionalism, independence, quality control, supervision, innovative capability and 13 indicators.

		<b>Compliance with policy</b>	
<b>CPA independence assessment procedures</b>		<b>Yes</b>	<b>No</b>
<b>1.</b>	<b>Financial interest</b>		
	(i) Are the CPA firm's audit team members and family thereof free of direct financial interest and material indirect financial interest in the Company?	✓	
	(ii) Are the CPA firm's other licensed CPAs and family thereof free of direct financial interest and material indirect financial interest in the Company?	✓	
	(iii) Are the CPA firm and affiliated enterprises free of direct financial interest or material indirect financial interest in the Company?	✓	
<b>2.</b>	<b>Loans and guarantees</b>		
	(i) Is the Company free of loan and guarantee arrangement with the CPA firm, the firm's affiliated enterprises, and members of the audit team?	✓	
<b>3.</b>	<b>Business relationship</b>		
	(i) Are the CPA firm, the firm's affiliated enterprises, and members of the audit team free of close business relationship with the Company and its directors, supervisors, and managers? Examples of the relationship include: <ul style="list-style-type: none"> <li>■ Having a financial interest in a strategic alliance with the Company or its stockholder, director, supervisor or manager who has the controlling power.</li> <li>■ Making arrangements of its services or products to form an alliance with the services or products of the Company, and marketing the allied services or products with references to both parties.</li> <li>■ A firm or its affiliate receives interests by soliciting the products or services to or from the Company.</li> </ul> Does the Company sell products or provide services to the CPA firm, the firm's affiliated enterprises, or members of the audit team within normal business conduct?	✓	
<b>4.</b>	<b>Family and personal relationships</b>		
	(i) Do family members of the audit team abstain from serving as the Company's director, supervisor, manager, or any position that has direct and material effect on audit tasks, as of now and during the period of audit service?	✓	

		Compliance with policy	
CPA independence assessment procedures		Yes	No
	(ii) Do close relatives of the audit team abstain from serving as the Company's director, supervisor, manager, or any position that has direct and material effect on audit tasks, as of now and during the period of audit service?	✓	
<b>5.</b>	<b>Employment relationship</b>		
	(i) Do the CPA firm and members of the audit team abstain from serving as the Company's director, supervisor, manager, or any position that has direct and material effect on audit tasks?	✓	
	(ii) If any member of the audit team, CPA, or former CPA of the CPA firm is currently employed by the Company, please evaluate impacts on CPA's independence based on the following factors: <ul style="list-style-type: none"> <li>■ The position held within the Company.</li> <li>■ The length of time between resignation from CPA firm and employment at the Company.</li> <li>■ Importance of the individual's previous role in the CPA firm.</li> </ul>	None No such occurrence	
	(iii) To the Company's best knowledge, do all members of the audit team abstain from accepting employment at the Company in the near future?	✓	
	(iii) Do the CPA firm and CPAs and employees of its affiliated enterprises abstain from rendering service as directors, supervisors, managers or equivalent position at the Company?	✓	
<b>6.</b>	<b>Gifts and hospitality</b>		
	Does the Company offer gifts or hospitality to members of the audit team in accordance with social norms or customary business practices? Are the gifts/hospitality non-material in value and offered without any motive or intent to influence professional decision or obtain confidential information?	✓	
<b>7.</b>	<b>Rotation of financial statement auditor</b>		
	Do CPAs serve no more than seven years as the Company's engagement partner, and are reappointed as engagement partner at least two years after rotation?	✓	
<b>8.</b>	<b>Non-attest service</b>		
	Does the Company require CPAs to provide a detailed breakdown of non-attest services rendered, and evaluate how they affect independence?	✓	
<b>9.</b>	<b>CPA statement of independence</b>		
	Does the Company obtain a statement of independence issued by CPAs that addresses the Audit Committee (or governance body of equivalent nature if no Audit Committee is present).	✓	

		<b>Independence</b>	
<b>CPA independence assessment procedures applicable</b>		<b>Yes</b>	<b>No</b>
<b>1.</b>	<b>Professionalism</b>		
	(i) Audit experience: Whether CPA and auditor above the manager level is equipped with adequate audit experience to perform audit works?	✓	
	(ii) Training hours: Whether CPA and auditor above the manager level receives sufficient education and training during 2020 to 2021, in order to obtain professional knowledge and skills continuously?	✓	
	(iii) Turnover rate: Whether CPA and auditor above the manager level receives sufficient education and training annually, in order to obtain professional knowledge and skills continuously?	✓	
	(iv) Professional support: Whether the firm has sufficient professionals (such as valuation personnel) to support the audit team?	✓	
<b>2.</b>	<b>Quality control</b>		
	(i) CPA's burden: Whether the workload of CPA is overly heavy, including the number of public companies he/she services and the ratio of available working hours participated by the CPA?	✓	
	(ii) Audit participation: Whether the audit team members' participation in each audit stage is appropriate?	✓	
	(iii) EQCR review status: Whether EQCR account spends sufficient hours in executing the second review of audit case?	✓	
	(iv) Quality support capability: Whether the firm has sufficient quality control manpower to support the audit team?		
<b>3.</b>	<b>Independence</b>		
	(i) Non-audit service fee: Impact of non-audit service fee ratio on the independence	✓	
	(ii) Customer familiarity: Impact of audit case for the number of accumulated years of the financial report audited by the firm on its independence	✓	
<b>4.</b>	<b>Supervision</b>		
	(i) External inspection deficiency and disposition: Whether the quality control and audit case of the firm are executed according to relevant regulations and standards?	✓	
	(ii) Competent authority's letter for improvement: Whether the quality control and audit case of the firm are executed according to relevant regulations and standards?	✓	
<b>5.</b>	<b>Innovation capability</b>		
	(i) Innovation planning and advocacy: CPA firm's commitment on improvement of audit quality, including CPA firm's innovation capability and planning	✓	

(IV) Disclose the composition and functioning of remuneration committee or nomination committee, if available:

1. Information of Remuneration Committee members

April 14, 2023

Role	Criteria	Professional qualification and experience	Independence criteria (Note)	Number of positions as Remuneration Committee member in other public companies
	Name			
Independent Director (Convener)	Ying-Tung Lau	See page 13 of this annual report for directors' professional qualification and experience.	See page 13 of this annual report for independence criteria.	0
Independent Director	Chung-Wen Tong	See page 14 of this annual report for directors' professional qualification and experience.	See page 14 of this annual report for independence criteria.	0
Others	Shu-Hua Chen	Bachelor Degree in Accounting and Statistics, National Taipei College of Business. Formerly served as finance & accounting officer at Beckman Coulter and The Walt Disney Company (Taiwan) Ltd. and CFO of Maxisys Business Trading (Shenzhen) Co.,Ltd.; possesses approximately 30 years of senior work experience in finance and accounting at foreign companies and in the Greater China Region.	None of the individual, spouse, and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. Does not hold shares of the Company whether using the name of self, spouse, or 2nd-degree relatives or closer (or proxies). Does not meet any of the conditions stated in Article 30 of The Company Act. Did not receive compensation for services rendered to the Company or affiliated enterprises in the last 2 years.	0

Note: Compliance of independence: Independence of Remuneration Committee members is evaluated using several criteria including but not limited to: whether they or their spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related businesses; the number and percentage of Company shares held in their own names or names of spouse, 2nd-degree relative or closer (or proxy shareholder); whether they serve as director, supervisor, or employee in any entity that has certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of compensation received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its related businesses.

2. Functionality of the Remuneration Committee

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

(2) Duration of service: from May 27, 2020 to May 26, 2023. The Remuneration Committee held 2 meetings (A) in the last year; details of members' eligibility and attendance are as follows:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A)	Remarks
Convener	Ying-Tung Lau	2	0	100%	
Committee member	Chung-Wen Tong	2	0	100%	
Committee member	Shu-Hua Chen	2	0	100%	
Other mandatory disclosures:					
I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, an explanation shall be made regarding the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (including differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.					
II. Should any member object or express reservations to the resolution made by the Remuneration Committee,					

whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.

III. Discussions and resolutions of the Remuneration Committee in the most recent year, and the Company's response to committee members' opinions:

Remuneration Committee	Motion details and subsequent actions taken	Resolution results	The Company's response to the Remuneration Committee's opinions
The 7th board The 4th meeting March 21, 2022	1. Allocation of employee and director remuneration for 2021 2. Directors' and managers' compensation for 2022 3. Managers' performance bonus	Supported by all members of the committee, and raised for resolution at the 17th meeting of the 7th board of directors on March 21, 2022.	Raised for resolution at board meeting and approved by all attending directors.
The 7th board The 5th meeting November 09, 2022	1. Allocation of employee remuneration for 2020	Supported by all members of the committee, and raised for resolution at the 20th meeting of the 7th board of directors on November 9, 2022.	Raised for resolution at board meeting and approved by all attending directors.
The 7th board The 6th meeting March 21, 2023	1. Allocation of employee and director remuneration for 2022 2. Directors' and managers' compensation for 2023 3. Managers' performance bonus	Supported by all members of the committee, and raised for resolution at the 23rd meeting of the 7th board of directors on March 21, 2023.	Raised for resolution at board meeting and approved by all attending directors.

IV. Duties of the Remuneration Committee:

Members of the Committee are expected to exercise the care of a prudent manager and fulfill the following duties; the Committee reports to the board of directors and offer recommendations for discussion by the board:

- (1) Review the Charter and offer amendment suggestions on a regular basis.
- (2) Establish and review regularly the annual and long-term performance targets and assessment standards for the Company's directors and managers, as well as the remuneration policy, system, standard, and structure, and disclose performance assessment standards in annual reports.
- (3) Evaluate on a regular basis the accomplishment of performance targets by the Company's directors and managers, and determine the details and amounts of individual remuneration based on outcomes of the performance assessment. The annual report shall disclose performance assessment outcomes of individual directors and managers, the details and amounts of remuneration, their association with performance, and rationality, which are to be reported in a shareholders' meeting.

(V) Sustainable development practices; deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
I. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress?		√	<p>The Company has implemented a set of "Sustainable Development Code of Conduct" to support its efforts with regards to corporate governance, sustainable development, and public welfare. Actions are also being taken to enhance disclosure of sustainability-related information.</p> <p>The Company has not assigned any dedicated unit to promote corporate social responsibilities under the board of directors, but makes a conscious effort to cater for CSR issues in real practice. In the future, the Company will assign personnel to head (or co-head) the responsibility and make regular</p>	No material deviation is found



Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			reports (at least once a year) to the board of directors if necessary. The board of directors supervises sustainable development using the principle of materiality, which involves assessing risks and exploring strategies on environmental, social, and corporate governance issues that are relevant to the Company's operations. The Company encourages the board of directors to accept shareholders' sustainability-related proposals for discussion in shareholder meetings.	
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	√		The Company assesses risk that are relevant to its operations using principle of materiality. The scope of assessment covers the Company and all subsidiaries included in the consolidated financial statements, and addresses environmental, social responsibility, corporate governance, and various issues that are of concern to stakeholders.  The Company has devised its own "Integrity Code of Conduct," "Code of Ethical Conduct," "Insider Trading Prevention Policy," "Standard Operating Procedures for Resolving Directors' Requests," "Risk Management Policy and Procedures," and "Internal Control System Self-assessment Worksheet" in accordance with operational, financial, social, and stakeholder risk management policies. The terms of which are compliant with the government's regulations.	No material deviation is found
III. Environmental issues				
(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	√		The Company is a distributor of medical equipment and related reagents, consumables, parts, and accessories. It is not involved in industrial production activities and has developed an environmental management system that is suitable given its industry characteristics.	No material deviation is found

Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(II) Is the Company committed to making efficient use of energy, and using renewable materials that produce less impact on the environment?	√		The Company is not involved in any industrial production activity. Actions taken to improve efficiency of resource utilization and reduce environmental burden/impact include: online sign-off/review/approval processes for improved approval efficiency and reduced paper usage; encouraged use of reusable utensils and mugs; placement of recycling tray near photocopier; encouragement of double-side printing for internal documents; use of bio-degradable tissues; recycling of empty photocopier toners through original manufacturer for prevention of pollution; and reuse of environment-friendly transfer boxes in warehousing area.	No material deviation is found
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?		√	The Company is not involved in industrial production, therefore environmental issues mostly concern low-power and low-pollution office activities such as use of electricity and wastewater from living processes. In response to climate change, the Company has imposed rules to set indoor air conditioning temperature and replace lighting equipment with energy-saving lighting fixtures. Meanwhile, ongoing attention is being directed to climate change issues and potential risks.	No material deviation is found
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing greenhouse gas, water, and waste?		√	The Company is not involved in industrial production, therefore environmental issues mostly concern low-power and low-pollution office activities such as use of electricity and wastewater from living processes. For this reason, the Company does not maintain statistics on greenhouse gas emission, water usage, and waste volume.	No material deviation is found
IV. Social issues				

Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	√		<p>The Company observes the Labor Standards Act, local regulations of the respective subsidiaries, "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and International Bill of Human Rights, and has established management policies and procedures accordingly in the employee manual.</p> <p>Terms of the employee manual are conveyed to every new recruit upon commencing duty. Employees who consider themselves being mistreated may file complaints through available channels, for which the Company will conduct investigations and handle according to proper procedures while protecting the privacy and interests of the plaintiff.</p>	No material deviation is found
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	√		<p>The Company has developed salary and welfare measures in accordance with the Labor Standards Act, local regulations of the respective subsidiaries, and "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and shares profits with employees in the forms of grade bonus for sales personnel and project bonus for back-end support, subject to regular review.</p>	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	√		<p>The Company pays significant attention to the safety and health of employees' work environment, and has implemented related measures including: daily security patrol of office environment, mandatory use of identification and tour guide for visitors, controls for low voltage system, fire safety inspection, and temperature inspections at server room and cold storage. Permanent employees are entitled to complimentary health checkup, whereas fitness courses are arranged to promote exercise habit. The Company organizes various forms of safety and health education such as first-aid training, fire safety drill, earthquake drill, and emergency response on a regular basis (at least once a year).</p> <p>No occupational hazard had occurred in 2023.</p>	No material deviation is found

Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	√		All employees of the Company undertake external training courses that are relevant to their duties in order to improve professional capacity. Internal training, on the other hand, covers basic skills that apply to all employees. By introducing courses that are relevant to employees' duties and updating the training system with online assessment features and diverse course contents, the Company hopes to help employees expand skills and knowledge continuously throughout their careers. Execution progress is explained in page 70 of the annual report and the Company's website: ( <a href="http://www.cowealtholding.com">http://www.cowealtholding.com</a> )	No material deviation is found
(V) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implemented consumer/customer protection policies and complaint procedures?	√		The Company complies with laws and international standards with respect to customers' health, safety, and privacy, marketing, and labeling for all products and services offered. Policies on product recall, quality incident handling, quality complaint, abnormality reporting, environmental health, personnel health management etc. have all been established to promote protection of consumers' interests.	No material deviation is found
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis?		√	The Company is not involved in industrial production. Most of its suppliers are original manufacturers or designated distributors thereof, whereas the quality of goods supplied, eligibility, and certification make up the primary emphasis of the Company's management efforts. The Company has not implemented rules to govern suppliers' compliance with environmental protection, occupational safety/health, or human rights issues, but may consider implementing relevant systems in line with global trends and market changes.	No material deviation is found
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?		√	The Company currently does not prepare such reports, but may consider doing so in line with global trends and market changes.	No material deviation is found
<p>VI. If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established a set of "Sustainable Development Code of Conduct" to enforce sustainability practices. There is no significant deviation in actual governance.</p>				

Projects	Execution		Summary description	Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
<p>VII. Other information useful to the understanding of sustainable practice:</p> <p>(I) Charity: Summary of the Company's charity involvements in 2022:  Disaster relief and assistance: Donated RMB 200 thousand to Shanghai Public Health Clinical Center for epidemic control, and donated materials and supplies of value of approximately RMB 200 thousand to 11 Shanghai hospitals and medical schools, including Shanghai Health Medical School, Shanghai No. 10 People's Hospital, Shanghai Fudan Jinshan Hospital, Shanghai St. Marie Hospital, for epidemic care and control.</p> <p>(II) For other information useful to the understanding of corporate social responsibilities, please visit the Company's website:  <a href="https://www.cowealthholding.com/social-responsibility.html">https://www.cowealthholding.com/social-responsibility.html</a></p>				

Note 1: If Execution is specified "Yes," please explain the key policies, strategies, and measures taken and the execution progress. If Execution is specified "No," please explain deviation and cause of deviation in the field titled "Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and provide any policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to environmental, social, and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies:

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<b>I. Establishment of integrity policies and solutions</b>				
(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	√		The Company has established its own "Integrity Code of Conduct" and executed with board of directors' approval.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	√		The Company has established a set of "Illegal, Unethical, or Dishonest Conduct Reporting Policy" and stated its prohibition against offering and acceptance of bribe along with associated penalties in the employee manual.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	√		The Company has established a set of "Illegal, Unethical, or Dishonest Conduct Reporting Policy" and plans to create a unit directly under the board of directors that specializes (or is involved) in the promotion of business integrity. This unit will report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year). The Company specifically requires employees to uphold integrity in the employee manual, and conveys this requirement in various assemblies and training.	No material deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<b>II. Enforcement of business integrity</b>				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	√		The Company has established its own "Integrity Code of Conduct" and strictly prohibits dishonest commercial activities. This prohibition is specified in the employee manual. All commercial agreements signed with business partners contain an integrity clause.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?		√	The Company plans to create a unit that specializes (or is involved) in enforcing business integrity directly under the board of directors. This unit will report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?	No material deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	√		The Company will require all new recruits to sign commitment to the "Employee Manual" upon commencing duty. Furthermore, all employees are required to take the initiative to report conflict of interest, which are to be handled according to the Company's ethics guidelines.	No material deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	√		The Company has implemented effective accounting policy and internal control system to maintain business integrity. It has an internal audit unit available to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct.	No material deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	√		The Company conveys its integrity philosophy persistently in training courses and management meetings.	No material deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<b>III. Whistleblowing system</b>				
(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	√		The Office of the President and internal audit unit have been assigned to handle employees' complaints regarding disciplinary actions.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	√		The Company handles all misconduct reports and conducts investigations at the highest confidentiality and discretion. This requirement is stipulated as part of the internal control system.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company adopted any measures to prevent whistleblowers from retaliation for filing reports?	√		The Company has established a set of "Illegal, Unethical, or Dishonest Conduct Reporting Policy" that strictly prohibits all forms of retaliation against people who raise misconduct reports out of good intention or assist in the investigation. This prohibition is stipulated as part of the internal control system.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<b>IV. Enhanced information disclosure</b>				
Has the Company disclosed its integrity principles and progress onto its website and MOPS?	√		The Company has published the terms of its "Integrity Code of Conduct" onto the website. Implications of the code of conduct are conveyed to new recruits upon commencing duty, and relevant training courses are organized from time to time.	No deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
VI. Other information relevant to understanding the Company's business integrity (e.g. reviews of business integrity principles): None.				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

1. The Company has established relevant policies such as "Corporate Governance Code of Conduct," "Insider Trading Prevention Policy," "Board of Directors Performance Assessment Policy," "Rules and Procedures of Shareholders Meeting," "Board of Directors Conference Rules," "Independent Director Responsibility Principles," "Integrity Code of Conduct," "Sustainable Development Code of Conduct," "Insider Reporting Procedures," "Ethical Behavior Guidelines," and "Illegal, Unethical, or Dishonest Conduct Reporting Policy"; the terms of which have been disclosed on the Company's website.
2. The Company has created dedicated sections entitled "Investor Relations," "Shareholders," "Corporate Governance," and "CSR" on its website, and will link relevant information to appropriate locations on MOPS for investors' reference.

(VIII) Other important information material to the understanding of corporate governance within the Company:

1. The Company discloses all important information over MOPS in a manner that complies with the authority's instructions.
2. Directors' continuing education in 2022: All directors have completed their training requirements in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Directors' and independent directors' ongoing education is summarized below:

Title	Name	Date	Organizer	Course name	Hours
Chairman	Wang Chiung Chih	2022/5/12	Accounting Research and Development Foundation of the R.O.C.	Business succession and corporate governance	3
		2022/5/23	Accounting Research and Development Foundation of the R.O.C.	Legal liability for "trade secret protection" and case study	3
Director	Lee Duen	2022/5/12	Accounting Research and Development Foundation of the R.O.C.	Business succession and corporate governance	3
		2022/5/23	Accounting Research and Development Foundation of the R.O.C.	Legal liability for "trade secret protection" and case study	3



Title	Name	Date	Organizer	Course name	Hours
Director	Chuan Chin	2022/5/12	Accounting Research and Development Foundation of the R.O.C.	Business succession and corporate governance	3
		2022/5/23	Accounting Research and Development Foundation of the R.O.C.	Legal liability for “trade secret protection” and case study	3
Director	Kuang-Tsan Tsao	2022/10/6	Accounting Research and Development Foundation of the R.O.C.	Internet technology development trend and new thinking for internal auditors	6
Director	Le-Sheng Wu	2022/6/17	Securities & Futures Institute	Directors and supervisors (including independent directors) practice advanced seminar - financial information mostly likely to be overlooked by directors	3
		2022/11/4	Taiwan Corporate Governance Association	Corporate merger and acquisition practice and case analysis	3
Director	Po-Chien Hu	2022/11/8	Accounting Research and Development Foundation of the R.O.C.	“Intellectual property management” for improvement of corporate governance and internal control compliance	6
Independent Director	Yann-Ching Tsai	2022/9/7	Taiwan Corporate Governance Association	How board of directors monitors and controls ESG risk to achieve corporate sustainable competitiveness	3
		2022/9/16	Securities & Futures Institute	Directors and supervisors (including independent directors) and corporate governance officer practice advanced seminar [fair customer treatment principle]	3
		2022/9/16	Securities & Futures Institute	Directors and supervisors (including independent directors) and corporate governance officer practice advanced seminar [Anti-money laundering and counter terrorism financing international trend]	2
		2022/9/16	Securities & Futures Institute	Directors and supervisors (including independent directors) and corporate governance officer practice advanced seminar [director function and board operation]	2
Independent Director	Ying-Tung Lau	2022/6/27	Accounting Research and Development Foundation of the R.O.C.	Breach of trust case study and legal liability interpretation	3
		2022/8/16	Taiwan Corporate Governance Association	ESG governance aspect - from knowing to action	3
Independent Director	Chung-Wen Tong	2022/6/14	Taiwan Corporate Governance Association	How audit committee implements financial report review properly	3
		2022/6/28	Accounting Research and Development Foundation of the R.O.C.	Interpretation of latest annual International Financial Reporting Standards questions and answers (IFRSs Q&A)	3

3. Corporate governance-related education of the President, vice presidents, head of finance/accounting, and Chief Internal Auditor of the Company:

Title	Name	Date	Organizer	Course name	Hours
President	Lee Duen	2022/5/12	Accounting Research and Development Foundation of the R.O.C.	Business succession and corporate governance	3
Head of Finance & Accounting	Li-Feng Lin	2022/9/28	Accounting Research and Development Foundation of the R.O.C.	Latest corporate governance policy and corporate governance assessment practice analysis	3

- (IX) Disclosures relating to the execution of internal control system:
1. Declaration of internal control system: Please see page 196 of this annual report.
  2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None.
- (X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up until the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.
- (XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up until the publication date of annual report: Please see pages 197-199 of this annual report.
- (XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of annual report: None.
- (XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer, or head of R&D in the most recent year up until the publication date of annual report:

April 14, 2023

Title	Name	Date onboard	Date departed	Reasons for resignation or departure
Chief Internal Auditor	Chia-Ping Chien	2019/3/26	2022/7/15	Resigned
Head of Finance & Accounting	I-Hsuan Su	2021/3/8	2022/8/24	Resigned

## V. Information on CPAs' Fee

### (I) Information on CPAs' Fee

Unit: NTD thousands

Name of CPA firm	Name of CPA	Period of audit service	Audit fees	Non-audit fees	Total	Remarks
KPMG	Pao Leng Chow, Chiu-Hua Hsieh	2022.1.1~2022.12.31	4,150	450	4,600	None

Scope of non-audit service: tax certification and transfer pricing.

Note: If there is any change of auditor or accounting firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field. Any audit and non-audit fees paid to auditors should also be disclosed separately. Provide detailed explanations to non-audit service.

### (II) Disclose the following information if the Company exhibits any of the conditions below:

1. Any change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fees before and after the change and the cause of such change.

Not applicable.

2. Any reduction in audit fee by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation.

Not applicable.

## VI. Change of CPA:

### (I) Information relating to the former auditor:

Date of reappointment	January 1, 2021		
Reasons and details of the reappointment	To accommodate internal adjustments within the accounting firm.		
Whether the termination of audit service was initiated by the client or by the auditor (Note)	Parties involved	Auditor	Client
	Situation		
	Service terminated by	Not applicable	Not applicable
	Service no longer accepted (continued) by	Not applicable	Not applicable

Reasons for issuing opinions other than unqualified opinion in the last 2 years	No qualified opinion was issued.		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial report
			Audit coverage or procedures
			Others
	None	V	
Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None.		

(II) Information relating to the succeeding auditor:

Name of CPA firm	KPMG
Name of CPA	Pao Leng Chow, Chiu-Hua Hsieh
Date of appointment	January 1, 2021
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue on the financial reports prior to reappointment	None
Written disagreements from the succeeding auditor against opinions made by the former CPA	None

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

**VII. Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the CPA's firm or any of its affiliated company in the last year, including their names, job titles, and the periods during which they were employed by the CPA's firm or any of its affiliated company. An affiliated company refers to one that the auditor's accounting firm holds more than 50% ownership or more than 50% directorship, or any company or institution that the accounting firm has publicly referred to as being affiliated: None.**

**VIII. Material insider information procedures:**

The Company has established procedures to govern the handling of material information, and instructed responsible units to remind employees and managers to take note of any material information that is bound to be disclosed according to laws, as well as relevant disclosure rules. The Company trains its managers and employees regularly on the reduction of insider trading risks, and posts educational articles on the intranet from time to time. Employees may also access internal policies on the intranet to familiarize themselves with internal rules.

**IX. Details of shares transferred or pledged by directors,**

**supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report. Where shares were transferred or pledged with a related party, details including the counterparty's name, the counterparty's relationship with the Company, directors, supervisors, managers, and shareholders with more than 10% ownership interest, and the sum of shares acquired or pledged shall be disclosed.**

(1) Change of shareholding of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2022		Current year up to March 26	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman, major shareholder	Wang Chiung Chih	(76,000)	-	-	-
Director, manager, major shareholder	Duane Lee	521,000	-	10,000	-
Director	Chuan Chin	-	-	-	-
Director	Guang-Tsann Tsao	-	-	-	-
Director	Po-Chien Hu	(91,299)	-	(40,000)	-
Director	Le-Sheng Wu	-	-	-	-
Independent Director	Ying-Tung Lau	-	-	-	-
Independent Director	Chung-Wen Tong	-	-	-	-
Independent Director	Yann-Ching Tsai	-	-	-	-
Chief Internal Auditor (Note 1)	Fang Ma	-	-	-	-
Chief Internal Auditor (Note 1)	Chia-Ping Chien	-	-	-	-
Head of Finance & Accounting and Acting Spokesperson (Note 2)	Li-Feng Lin	-	-	-	-
Head of Finance & Accounting and Acting Spokesperson (Note 2)	I-Hsuan Su	-	-	-	-
Chief Corporate Governance Officer (Note 3)	Li-Ching Chiao	-	-	-	-

Note 1: Chia-Ping Chien was dismissed from the position of Chief Internal Auditor due to resignation on July 15, 2022, and Fang Ma was temporarily appointed for the position of Chief Internal Auditor on July 15, 2022, and the Board of Directors ratified and approved such position on August 24, 2022.

Note 2: I-Hsuan Su was dismissed from the positions of Head of Finance & Accounting and Acting Spokesperson on August 24, 2022, and Li-Feng Lin newly assumed the positions of Head of Finance & Accounting and Acting Spokesperson.

Note 3: Li-Ching Chiao newly assumed the position of Corporate Governance Officer on March 7, 2023.

(2) Transfer of shares where the counterparty is a related party:

Unit: shares; NTD

Name	Reason for transfer	Date of transaction	Counterparty	Counterparty's relationship with the Company, its directors, supervisors, managers, and shareholders with more than 10% ownership interest	No. of shares	Transaction price
Joyce Wang	Gift	February 16, 2022	Ying-Wen Lee	Director's child	76,000	28.75
Duane Lee	Gift	February 16, 2022	Ying-Chieh Lee	Director's child	76,000	28.75
Po-Chien Hu	Gift	January 7, 2022	Yu-Hsuan Hu	Director's child	91,299	26.60
Po-Chien Hu	Gift	2023.01.13	Yu-Hsuan Hu	Director's child	40,000	24.75

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

## X. Information on relationship among shareholders of top 10 highest shareholder percentages

Unit: shares

Name	Personal shareholding		Shares held by spouse and underage children		Shares held in the names of others		Names and relationships of top-10 shareholders characterized as spouse or relative of second degree or closer		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Joyce Wang	7,301,186	9.43%	8,449,834	10.91%	2,544,623	3.29%	Duane Lee	Spouse	-
							CROWN TECHNOLOGY CO.,LTD.	Chairman	-
Duane Lee	8,449,834	10.91%	7,301,186	9.43%	2,544,623	3.29%	Joyce Wang	Spouse	-
							CROWN TECHNOLOGY CO.,LTD.	The spouse serves as chairman of the related company	-
Po-Chien Hu	3,056,170	3.95%	270,549	0.35%	-	-	-	-	-
CTBC Bank in Its Capacity as Master Custodian for Wang Fu Holding Co., Ltd.	2,827,361	3.65%	-	-	-	-	-	-	-
Shu-Ming Tsao	2,747,887	3.55%	-	-	-	-	Guang-Tsann Tsao	Father-son	-
CTBC Bank in Its Capacity as Master Custodian for Yong Li Holding Co., Ltd.	2,689,251	3.47%	-	-	-	-	-	-	-
CROWN TECHNOLOGY CO.,LTD.	2,544,623	3.29%					Joyce Wang	Chairman of the related company	-
CROWN TECHNOLOGY CO.,LTD. Representative: Joyce Wang	7,301,186	9.43%	8,449,834	10.91%	2,544,623	3.29%	Duane Lee	Spouse	
Li-Li Chang	2,475,163	3.20%	-	-	-	-	-	-	-
I-Chen Wu	1,735,275	2.24%	-	-	-	-	-	-	-
Yu Yue Investment Co., Ltd.	1,557,983	2.01%	-	-	-	-	Guang-Tsann Tsao	Chairman of the related company	-
Yu Yue Investment Co., Ltd. Representative: Guang-Tsann Tsao	-	-	-	-	1,557,983	2.01%	-	-	-

## XI. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and shareholding in aggregate of the above parties: None.

## Four. Capital Overview

### I. Capital and shares

(I)Source of capital

Unit: NTD/USD thousands; thousand shares

Year/month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
November 2005	US\$1	50	US\$50	10	US\$10	Founding share capital	-	Note 1
May 2007	US\$1	50,000	US\$50,000	13,967	US\$13,967	Cash issue US\$13,957	-	Note 2
September 2008	NT\$10	157,500	NT\$1,575,000	43,997	NT\$439,974	Conversion of fair value	-	Note 3
April 2009	NT\$11	157,500	NT\$1,575,000	46,280	NT\$462,796	Cash issue NT\$22,822	-	Note 4
April 2010	NT\$18	157,500	NT\$1,575,000	47,450	NT\$474,496	Cash issue NT\$11,700	-	Note 5
April 2011	NT\$20.8	157,500	NT\$1,575,000	48,570	NT\$485,696	Cash issue NT\$11,200	-	Note 6
January 2013	NT\$63.8	157,500	NT\$1,575,000	53,967	NT\$539,666	Cash issue NT\$53,970	-	Note 7
March 2014	NT\$100	157,500	NT\$1,575,000	54,599	NT\$545,986	Conversion of corporate bond NT\$6,320	-	Note 8
April 2014	NT\$100	157,500	NT\$1,575,000	54,936	NT\$549,356	Conversion of corporate bond NT\$3,370	-	Note 9
June 2014	NT\$100	157,500	NT\$1,575,000	55,716	NT\$557,156	Conversion of corporate bond NT\$7,800	-	Note 10
June 2014	NT\$26.77	157,500	NT\$1,575,000	56,064	NT\$560,641	Employee share subscription NT\$3,485	-	Note 11
July 2014	NT\$100	157,500	NT\$1,575,000	56,145	NT\$561,451	Conversion of corporate bond NT\$810	-	Note 12
July 2014	NT\$26.77	157,500	NT\$1,575,000	56,175	NT\$561,751	Employee share subscription NT\$300	-	Note 13
August 2014	NT\$26.02	157,500	NT\$1,575,000	56,185	NT\$561,851	Employee share subscription NT\$100	-	Note 14
August 2014	NT\$100	157,500	NT\$1,575,000	56,187	NT\$561,871	Conversion of corporate bond NT\$20	-	Note 15
September 2014	NT\$100	157,500	NT\$1,575,000	56,223	NT\$562,231	Conversion of corporate bond NT\$360	-	Note 16
September 2014	NT\$29.69	157,500	NT\$1,575,000	56,253	NT\$562,531	Employee share subscription NT\$300	-	Note 17
October 2014	NT\$26.02	157,500	NT\$1,575,000	56,263	NT\$562,631	Employee share subscription NT\$100	-	Note 18
January 2015	NT\$26.02	157,500	NT\$1,575,000	56,273	NT\$562,731	Employee share subscription NT\$100	-	Note 19



Year/month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
June 2015	NT\$26.02	157,500	NT\$1,575,000	56,288	NT\$562,881	Employee share subscription NT\$150	-	Note 20
July 2015	NT\$26.02	157,500	NT\$1,575,000	56,352	NT\$563,516	Employee share subscription NT\$635	-	Note 21
August 2015	NT\$10.00	157,500	NT\$1,575,000	57,477	NT\$574,771	Capitalization of earnings NT\$11,255	-	Note 22
September 2015	NT\$24.32	157,500	NT\$1,575,000	57,492	NT\$574,921	Employee share subscription NT\$150	-	Note 23
October 2015	NT\$24.32	157,500	NT\$1,575,000	57,507	NT\$575,071	Employee share subscription NT\$150	-	Note 24
March 2016	NT\$27.76	157,500	NT\$1,575,000	57,522	NT\$575,221	Employee share subscription NT\$150	-	Note 25
May 2016	NT\$24.32	157,500	NT\$1,575,000	57,530	NT\$575,296	Employee share subscription NT\$75	-	Note 26
June 2016	NT\$24.32	157,500	NT\$1,575,000	57,608	NT\$576,081	Employee share subscription NT\$785	-	Note 27
August 2016	NT\$23.43	157,500	NT\$1,575,000	67,668	NT\$576,681	Employee share subscription NT\$600	-	Note 28
November 2016	NT\$23.43	157,500	NT\$1,575,000	57,683	NT\$576,831	Employee share subscription NT\$150	-	Note 29
March 2017	NT\$23.43	157,500	NT\$1,575,000	57,698	NT\$576,981	Employee share subscription NT\$150	-	Note 30
August 2018	NT\$10.00	157,500	NT\$1,575,000	63,468	NT\$634,679	Capitalization of earnings NT\$57,698	-	Note 31
December 2018	NT\$10.00	157,500	NT\$1,575,000	61,468	NT\$614,679	Retirement of bought back shares NT\$20,000	-	Note 32
August 2019	NT\$10.00	157,500	NT\$1,575,000	73,761	NT\$737,615	Capitalization of earnings NT\$122,936	-	Note 33
July 2020	NT\$10.00	157,500	NT\$1,575,000	77,449	NT\$774,496	Capitalization of earnings NT\$36,881	-	Note 34

Note 1: November 2005 was the time when the initial board of directors meeting was held; proceeds of share capital were collected afterwards.

Note 2: May 2007 was the date when the board of directors resolved having collected capital proceeds in full and completed capital registration.

Note 3: Due to plans to apply for listing on the Emerging Stock Board and TWSE/TPEX on a later date, a resolution was passed during the shareholder meeting held on September 30, 2008 to change the face value from US\$1 to NT\$10 per share. The Company had 43,997,389 outstanding shares after the conversion, and the change of registration was completed on October 29, 2008.

Note 4: April 2009 was the date when the board of directors resolved having collected capital proceeds in full and confirmed the shareholder registry.

Note 5: April 2010 was the date when proceeds from employee warrants were verified and the shareholder registry was updated.

Note 6: April 2011 was the date when proceeds from cash issue were collected in full.

Note 7: January 2013 was the date when proceeds from cash issue were collected in full.

Note 8: March 2014 was the date when conversion rights can be exercised on convertible bonds.

Note 9: April 2014 was the date when conversion rights were exercised on convertible bonds.

Note 10: June 2014 was the date when conversion rights were exercised on convertible bonds.

Note 11: June 2014 was the date when employee warrants were exercised.

Note 12: July 2014 was the date when conversion rights were exercised on convertible bonds.

Notes 13-14: July 2014 to August 2014 was the time when employee warrants were exercised.

Notes 15-16: August 2014 to September 2014 was the time when conversion rights were exercised on convertible bonds.  
Notes 17-21: September 2014 to July 2015 was the time when employee warrants were exercised.  
Note 22: August 2015 was the effective filing date of request to Taipei Exchange.  
Notes 23-30: September 2015 to March 2017 was the time when employee warrants were exercised.  
Note 32: December 2018 was the date when the retirement of shares was filed to Taipei Exchange.  
Notes 31, 33, and 34: August 2018 to July 2020 was the period in which filings to Taipei Exchange were effected.

Unit: shares; %, April 14, 2023

Share category	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	77,449,547	80,050,453	157,500,000	

Note: Shares are listed on TPEX

## (II) Shareholder structure

Unit: persons; shares; March 26, 2023

Shareholder structure Count	Government institutions	Financial institutions	Other Institutions	Natural persons	Foreign institutions and foreigners	Total
Headcount	0	2	13	3,896	30	3,941
Number of shares held	0	35,000	2,198,167	63,254,063	11,962,317	77,449,547
Shareholding percentage	0.00%	0.05%	2.84%	81.66%	15.45%	100.00%

Note 1: All TWSE/TPEX/Emerging Stock Market companies listing for the first time are required to disclose Mainland investors' holding interests. A Mainland investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the Regulation Governing Mainland Residents' Investment in Taiwan.

Note 2: Shareholding by Mainland investors: None.

## (III) Ownership diversity (face value: NT\$10 per share)

Unit: persons; shares; March 26, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1-999	1,143	222,527	0.29%
1,000-5,000	1,853	3,906,006	5.04%
5,001-10,000	404	2,916,005	3.77%
10,001-15,000	155	1,922,672	2.48%
15,001-20,000	80	1,399,053	1.81%
20,001-30,000	80	1,934,017	2.50%
30,001-40,000	50	1,761,923	2.27%
40,001-50,000	30	1,349,003	1.74%
50,001-100,000	61	4,579,734	5.91%
100,001-200,000	39	5,339,500	6.89%
200,001-400,000	22	6,455,387	8.33%
400,001-600,000	6	2,705,585	3.49%
600,001-800,000	3	2,140,169	2.76%
800,001-1,000,000	3	2,645,014	3.42%
1,000,001 shares and above	12	38,172,952	49.30%
Total	3,941	77,449,547	100.00%

## (IV) List of major shareholders (shareholders with more than 5% ownership interest or are among the top 10)

Unit: shares; March 26, 2023

Name of major shareholder	Shares	Number of shares held	Shareholding percentage
1 Lee Duen		8,449,834	10.91%
2 Joyce Wang		7,301,186	9.43%
3 Po-Chien Hu		3,056,170	3.95%
4 CTBC Bank in Its Capacity as Master Custodian for Wang Fu Holding Co., Ltd.		2,827,361	3.65%
5 Shu-Ming Tsao		2,747,887	3.55%

6	CTBC Bank in Its Capacity as Master Custodian for Yong Li Holding Co., Ltd.	2,689,251	3.47%
7	CROWN TECHNOLOGY CO.,LTD	2,544,623	3.29%
8	Li-Li Chang	2,475,163	3.20%
9	I-Chen Wu	1,735,275	2.24%
10	Yu Yue Investment Co., Ltd.	1,557,983	2.01%

(V)Market price, net worth, earnings, and dividends per share

Unit: NTD

Item		Year	2021	2022	Current year up until April 14, 2023
		Market price per share	High	32.45	39.00
	Low	23.10	23.05	24.25	
	Average	27.87	32.16	25.77	
Net worth per share	Before dividend	33.16	36.61	Not applicable (Note 10)	
	After dividend	31.66	35.01 (Note 9)	Not applicable (Note 10)	
Earnings per share	Weighted average outstanding shares	77,450,000 shares	77,450,000 shares	77,450,000 shares	
	Earnings per share	1.8	1.22	Not applicable (Note 10)	
Dividends per share	Cash dividends	1.5	1.6 (Note 9)	Not applicable	
	Stock dividends	From earnings	Not applicable	Not applicable	Not applicable
		From capital reserves	Not applicable	Not applicable	Not applicable
Analysis of investment returns	P/E ratio (Note 1)	15.48	26.36	Not applicable	
	Price to dividends ratio (Note 2)	18.58	20.10	Not applicable	
	Cash dividend yield (Note 3)	5.38%	4.98%	Not applicable	

\* Where stock dividends were paid from earnings or capital reserves, market price and cash dividends per share are adjusted retrospectively for the number of new shares issued.

Note 1: The table shows the highest and lowest market price of common shares in each year; average market price is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: Calculated based on the number of outstanding shares at year-end; amount of distribution resolved by board of directors or in next year's shareholders meeting is presented in the table.

Note 3: Where stock dividends were issued, EPS are disclosed in amounts before and after retrospective adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year is disclosed separately.

Note 5: P/E ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividends ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share / average closing price per share for the current year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of annual report. For all other fields, calculations are based on data as at the end of their respective years.

Note 9: As at the publication date of annual report; not yet approved in a shareholder meeting.

Note 10: As at the publication date of annual report; represents audited (auditor-reviewed) information for the most recent quarter.

#### (VI)Dividend policy and execution

##### 1. The Company's dividend policy

According to Article 34.1 of the Articles of Incorporation, the Company shall allocate 1% of the profits concluded in a given year as employee remuneration and no more than 3% as director remuneration. However, profits must first be taken to offset against cumulative losses if any.

According to Article 34.2 of the Articles of Incorporation, the Company may distribute profits to shareholders, subject to board of directors' proposal and ordinary resolution in a shareholder meeting. The board of directors shall devise profit distribution plans according to the following principles: net income generated in a given year must first be taken to offset previous losses; the remaining surplus is then subject to a 10% provision for special reserve until the balance of special reserve accumulates to an amount equal to the Company's share capital. Any residual profit from the above may be distributed as dividends in accordance with The Companies Act and Public

Company Rules of The Cayman Islands after taking into consideration the relevant financial, business, and operational factors, provided that no less than 10% of current year's after-tax earnings are paid as dividends (including cash and stock dividends) and the cash portion is no less than 10% of proposed profit distribution for the given year.

2. Dividend distribution proposed for the next shareholder meeting:

Earnings appropriation plan for the current year was proposed by the board of directors on March 21, 2022, which includes payment of cash dividend at NT\$1.6 per share. Details of the earnings appropriation plan are as follows:

(1) Change in distributable earnings

	<u>Unit: NTD</u>
	NTD
Opening unappropriated earnings (January 1, 2022)	\$ 412,414,062
Plus: Current changes in remeasurement of defined benefit plan	1,090,029
Reversal of special reserve due to reversal of the net amount of other deductions from equity	72,575,581
Net Income of 2022	94,115,264
(9,411,526)	(9,411,526)
Less: 10% provision for special reserve	
Distributable earnings	<u>\$ 570,783,410</u>

(2) Earnings appropriation chart

	<u>Unit: \$</u>
	NTD
Distributable earnings	\$570,783,410
Distributions:	
Shareholder profit sharing - cash dividends (NT\$1.6 per share)	123,919,275
Closing unappropriated earnings	<u>\$446,864,135</u>

(VII) Impacts of proposed stock dividends on the Company's business performance and earnings per share:  
Not applicable.

(VIII) Employee/director/supervisor remuneration

1. Percentage or range of employee/director/supervisor remuneration stated in the Articles of Incorporation:

According to Article 34.1 of the Articles of Incorporation that the board has passed and made applicable to the current shareholder meeting, the Company shall allocate 1% of the profits concluded in a given year as employee remuneration and no more than 3% as director remuneration. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid to employees of affiliated companies that satisfy certain criteria.

2. Basis of calculation for employee/director/supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

Employee, director, and independent director remuneration are estimated according to the Articles of Incorporation and presented in appropriate accounts under operating expenses. If an amount different from the figure presented on financial statements is resolved in a subsequent shareholder meeting, the difference shall be treated as a change in accounting estimates and recognized as gain or loss in the year the resolution is made.

3. Remuneration passed by the board of directors:

Employee remuneration for 2022 was estimated at NT\$992,067; the amount of employee remuneration that the board has resolved for final payment was indifferent from the amount estimated and presented in the 2022 consolidated financial statements.

4. Actual distribution status of employees', directors' and supervisors' remunerations in the last

year (including the distributed number of shares, amount and share price), and any discrepancy with the employees', directors' and supervisors' remuneration recognized, and shall describe the difference amount, reason and handling status:

Details of employee remuneration and director remuneration proposed in the latest board meeting:

Unit: NTD thousands

	Amount resolved by the board of directors	Amount estimated in financial statements	Difference
Director remuneration	2,976	2,976	-
Employee remuneration	992	992	-

(IX) Buyback of company shares:

1. Buybacks completed: None.
2. Buybacks still in progress: None.

**II. Disclosure relating to corporate bonds: None.**

**III. Disclosure relating to preferred shares: None.**

**IV. Disclosure relating to global depository receipts: None.**

**V. Disclosure relating to employee warrants: None.**

**VI. New issuance of employee restricted shares: None.**

**VII. Merger, acquisition, and share exchange: None.**

**VIII. Progress on planned uses of capital: None.**

# Five. Operational Overview

## I. Business activities

### (I) Business activities

#### 1. Principal business activities of the Company and subsidiaries

- (1) Centralized procurement service for in vitro diagnostics (equipment, reagents, and consumables)
  - a) Equipment, consumables, and reagents relating to automated clinical chemistry analyzers.
  - b) Equipment, consumables, and reagents relating to 3-part and 5-part hematology analyzers.
  - c) Equipment, consumables, and reagents relating to chemiluminescence immunoassay system.
  - d) Equipment, consumables, and reagents relating to blood coagulation analyzer.
  - e) Equipment, consumables, and reagents relating to blood gas analyzer.
  - f) Other types of in vitro diagnostic equipment, reagents, and consumables.
  - g) Application and maintenance service for in vitro diagnostic equipment and reagents.
- (2) Medical logistics (agency sale of device and consumables)
  - a) Tumor treatment device and related parts and accessories
  - b) Applications, parts, accessories, and maintenance service for tumor treatment device.

#### 2. Weight of business activities

Unit: NTD thousands

Item	2021		2022	
	Amount	Weight	Amount	Weight
In vitro diagnostic equipment, reagents, and consumables	4,966,351	96.6%	5,507,884	97.9%
Agency sale of device and consumables	167,041	3.3%	108,137	1.9%
Others	6,356	0.1%	10,346	0.2%
Total	5,139,748	100%	5,626,367	100%

#### 3. Current products of the Company

The Company mainly supplies in vitro diagnostic equipment, reagents, and consumables, and provides agency service for medical devices and consumables.

#### 4. New products planned for the future

The Company is currently developing other competitive medical treatment devices and related logistics management service.

### (II) Industry overview

#### 1. Current and future industry prospects

##### (1) IVD industry basic characteristics

IVD industry is closely related to personal lives and health, and the industry demand rigidity is of relatively high, such that its cycle is unclear, and economic fluctuation has relatively small impact on the industry, and its resistance to risk is high. The IVD demand market in China mainly centralizes at the southeast coastal area of greater population and economic activities as well as first and second tier cities of relatively higher medical service standard, such that there is certain regional characteristic. With the increase of overall economic standard in China and complete social protection system, the regional characteristic of the industry may be reduced. The IVD industry has certain seasonal characteristic. For the first quarter, the number of holidays is relatively greater, and the number of patients choosing to receive hospitalization treatment is fewer, and the corresponding demand for reagent products is also smaller. For the 2nd and 3rd quarters, the demand increases in comparison to the 1st quarter. For the 4th quarter, due to the season change, disease occurrence is also higher, and the amount of use of IVD products is relatively greater.

##### (2) IVD industry development trend

The IVD industry is under the fast development stage. According to the “2022-2027 China IVD Market Survey and Investment Decision Strategy Report” announced

by the Zhongshang Industry Research Institute in China, the IVD industry market in China in 2021 reached RMB 133.6 billion, an increase of 24.3% from last year. A multitude of factors including technological innovation, aging population, increasing insurance coverage, rising medical expenses, and higher income have driven demands for the IVD industry in China. It is expected that the IVD industry market scale will exceed RMB 300 billion by 2027.

### (3) Increasing competition for IVD reagent

With the in-depth research on the human genome project, especially the emerging post-genome project era, including the functional genome, proteome and pharmacogenomics, the research outcomes have greatly expanded the research field of molecular diagnostics, such that the development of laboratory medicine in the disease diagnosis and prognosis assessment. Consequently, the IVD reagent competition is relatively severe.

Current IVD reagent severe competition presentation: First, technology innovation is the core of competition, and new emerging companies often cause impact on large companies with their technology innovation; second, the industry centralization increases, the monopoly trend of international enterprises continues to increase, such that the centralization of competing industry also increases; third, interchangeable products in the same application field tends to become saturated; fourth, market demand continues to increase, and industry scale also expands continuously; fifth, with the internationalization of technology standard, the commercial globalization process accelerates; sixth, competition among continuously innovated technologies and products requests the stipulation of corresponding standards continuously.

### (4) IVD product circulation and service industry development trend

As the market competition becomes severe, the homogeneity among products also increases, and the market will tend to centralize toward the intensive integrated service providers capable of providing a basket of value-added services. Accordingly, the industry centralization will increase progressively. The industry competition will be realized in the comprehensive competition of various fields, including product category completeness, service network and business scale, warehouse management and logistics distribution capability, technical support service, customer response capability, etc.

#### I. Service network and business scale expansion

After the business scale of intensive integrated service providers reaches certain level, they are able to gain competition advantages in terms of the market network coverage comprehensiveness and product category completeness. During the realization of scale effect, they are able to gain greater purchase cost advantages and provide products and overall comprehensive services to customers in order to gain market share.

As the area covered by the service network of a service provider is greater, it is able to receive recognition of product manufacturers and customers, which is also advantageous to provide stable and fast local services to customers through the service network distributed throughout various places nationwide. Accordingly, it is able to provide comprehensive product supply, logistics delivery and technical service for customers throughout the nation, and to provide necessary security to greater quality customers.

#### II. Increase of comprehensive service capability

As the work division between IVD product manufacturers and service providers become more distinct, the IVD product end users' demand for comprehensive service capability of service providers become higher, and they require service providers to not only provide the routine services of warehouse management, logistics distribution, repair/maintenance and timely response, they also expect service providers to provide greater value-added services at various aspects of hospital management.

## 2. Product trend and competitive advantage

### (1) The Group has no obligation to promote products of any specific supplier, and is open to the concept of sourcing products from multiple competing brands

Unlike the conventional agency model in which the original manufacturer restricts the agent's sales region, imposes sales targets, and limits involvement with competing

products, the Company has the freedom to cooperate with original manufacturers and distributors of different in vitro diagnostic products, and bears no obligation to broker, meet sales target, or exclude any competing product. This provides the basis for the Company's centralized procurement service to hospitals throughout the nation.

The Company's service covers nearly 17,000 in vitro diagnostic reagents and 3,000 types of consumables from more than 1,000 suppliers; it has extensive knowledge on the types and pricing of products offered by different brands, manufacturers, and distributors, and is capable of designing customized solutions for medical institutions with regards to in vitro diagnostic products, thereby helping medical institutions save cost on procurement while retaining the flexibility needed to minimize cost of working capital.

The Company's centralized procurement service for in vitro diagnostic products mainly involves direct sale, which accounts for a relatively high percentage of total sales to hospitals compared to other public-listed companies of comparable nature. Considering how the Company serves customers directly, it possesses competitive advantage in terms of end customers' attachment.

(2) Centralized procurement service driven by customers' needs

The Company has created a one-stop service platform for in vitro diagnostic products and a cross-strait platform for exchange of medical knowledge. It has a proprietary system in place to provide centralized procurement and support full supply chain management of in vitro diagnostic products, and brings values to medical institutions through "improved management practice, shortfall anticipation, reduced cost, and shared resources." The Company also makes optimal use of the medical resources it has accumulated in the Greater China Region over decades, and maintains productive relationship with major medical institutions in China and Taiwan. This level of interaction has provided the Company with timely knowledge to the latest developments in medical technology as well as successful hospital management experiences. Meanwhile, the Company participates in various interactions such as training, knowledge exchange, joint construction of laboratory etc. between medical institutions in China and Taiwan and contributes to the integration of cross-strait medical resources.

Cowearth's centralized procurement service changes the ways medical institutions purchase in vitro diagnostic products, from having to engage multiple suppliers to using a unified channel. Volume purchase combined with optimized procurement practices not only help improve operating efficiency of medical institutions in the downstream, but also eliminate intermediaries between original manufacturers and end users for effective reduction of unit purchasing cost. By facilitating direct interaction between original manufacturers/distributors and medical institutions, the Company raises the transparency of purchasing decisions to the benefit of both upstream suppliers and end users that would otherwise be compromised if intermediaries were present.

Original manufacturers/distributors tend to specialize in certain sub-categories of in vitro diagnostic product, whereas end users tend to have varying needs for a variety of products. As a procurement service provider, the Company works with a great number of suppliers and customers simultaneously to resolve the mismatch between supply and demand, and by eliminating the need to go through the distribution systems of individual original manufacturers, the Company helps hospitals save cost on purchasing reagents and consumables.

Overall, the Company's centralized procurement service benefits customers in a number of ways including reduced cost, absence of intermediaries, more flexible choices, reduced inventory of in vitro diagnostic reagents, and better upstream-downstream integration for improved competitive advantage.

(3) Advantage to introduce advanced technologies and devices

The Company has long been keeping track of cutting-edge technologies and devices around the world in a field that is technologically sophisticated with relatively few competing products. Through connection with medical institutions in the Greater China Region, the Company helps original manufacturers tap into the potentials of this immense market. For more than a decade, the Company has successfully introduced advanced medical equipment of offshore original manufacturers such as Accuray, TearScience, and Viewray into the local market, for which it was named Best Global Agent, Best Performing Partner etc. Today, the Company serves as procurement agent for more than 70 hospitals and supports them with long-term training and maintenance



services. By introducing these devices, the Company helps hospitals adopt the latest medical technologies and improve their ability to diagnose and treat complex diseases, which in turn results in stronger and longer lasting relationship.

While introducing Viewray's devices, the Company also provided supporting service by helping the original manufacturer apply for medical device registration in the local market, which in turn aligned its interests with those of high-tech original manufacturers. Throughout the reporting period, the Company operated as a collaborative platform that connected offshore original manufacturers to customers in the Greater China Region, and possessed competitive advantage particularly in the introduction of radiotherapy devices.

(4) Advantages of the management team

After many years of commitment, the Company is able to attract expert talents with extensive experience in the logistics and servicing of in vitro diagnostic products to assemble a highly professional and efficient management team. Most members of the management team have decades of career experience in the field of medical devices, and many of whom used to serve in the Greater China regional teams of multinational medical conglomerates such as Philips and Beckman Coulter. Together, they provide insight to the needs of the medical market as well as the prospects of various products.

The presence of a highly professional management team has enabled the Company to grow closely in line with the trends of the medical industry, monitor downstream demand in a timely manner, and stay competitive and thrive in the industry.

(5) Brand and early advantage

The Company is one of the leading providers of logistics and centralized procurement services for in vitro diagnostic products in China, and was one of the early integrated service providers to advocate centralized procurement of in vitro diagnostics. Through persistent optimization of the service model and practices, the Company is able to expand its service network and maintain close collaboration with upstream suppliers to bring high-quality services to customers and quickly respond to customers' needs. The Company currently enjoys strong brand value in the field of centralized procurement service.

(6) Channel advantage

The Company has established strategic collaboration relationship to supply in vitro diagnostic reagents to more than 100 tier-3 hospitals through centralized procurement service. Today, the Company has proven itself capable of providing long-term, consistent, and reliable services to customers with the benefit of reducing costs. Customers are generally reluctant to switch suppliers out of concern for procurement cost and long-term stability, particularly given the industry's lack of logistics service providers that have broad product access and are competent in integrated services. Through the services provided, the Company has made itself relevant in every aspect of customers' operations, and built strong collaborative relationship to the benefit of both parties.

(7) Advantage in experience

Having accumulated more than a decade of experience in centralized procurement of in vitro diagnostic products, the Company has developed comprehensive knowledge about the needs of different medical institutions at different locations, and is able to grow customer base consistently by leveraging its industry dominance, brand reputation, and referral of existing customers. While providing value-adding services to customers, the Company also hopes to bridge collaborations, knowledge exchange, and resource sharing between medical institutions, and ultimately contribute to the growth of the medical industry in the Greater China Region.

(III)Technology and R&D overview: Not applicable.

(IV)Long and short-term business plans

1、Short-term business plans

- (1) Further develop new customers and continue to increase customer quantity.
- (2) The Company is actively in search of new products and cooperates with foreign original manufacturers to quickly expand product line and distribution channels in Mainland China.

## 2、Long-term business plans

The Company will continue to secure its foothold in the field of in vitro diagnostics, and aim to innovate in ways that support high-quality medical service and promote the health industry, while taking steps toward becoming the top provider of differentiated, value-adding services and centralized procurement services for hospitals in Chinese-speaking regions.

In the next 3 to 5 years, the Company will rely on the success of the cross-strait nursing and hospital management talent training platform, the innovation and commercial collaboration platform for global diagnostics manufacturers, and the time-tested strategic partnership platform for introducing innovative technologies into the Greater China market that it has built for more than 2 decades to further expand the scale of centralized procurement service for diagnostic reagents. Attention will be devoted toward introducing innovative technologies and products from original manufacturers local and abroad, and applying the success of centralized procurement service to not just in vitro diagnostics, but to a broader range of medical consumables as well. To accomplish this goal, the Company will be engaging original manufacturers and distributors in mutually beneficial business relationships at a higher level.

The Company will implement the following plans in the future:

- (1) Continue expansion of centralized procurement service.
- (2) Construct a cross-strait medical information platform and support the development of domestic medical resources. The Company has been actively integrating medical resources and promoting exchange and collaboration between medical institutions in the Mainland and Taiwan since it was first incorporated. It therefore has an early advantage in terms of access to hospital resources.
- (3) Strengthen strategic collaboration with suppliers and enhance supply chain management for sustainable growth.

## II. Market, production, and sales overview

### (I)Market analysis

#### 1. Locations where products are mainly sold

Unit: NTD thousands

Product sales locations \ Year	2021		2022	
	Net sales	%	Net sales	%
China and Hong Kong	5,139,540	100.0	5,626,019	100.0
Other regions	208	-	348	-
Total	5,139,748	100.0	5,626,367	100.0

#### 2. Product market share

##### A. In vitro diagnostic medical devices

The Company mainly provides integrated logistics management service on in vitro diagnostic medical devices; most of its customers are tier-2 and tier-3 medical institutions and military hospitals in the Mainland.

##### B. Radiotherapy machines

The Company began collaboration with ViewRay in 2015, through which it acquired national distribution right for radiotherapy machines featuring proprietary technologies. The product has since secured a consistent share of the market.

#### 3. Future supply, demand, and growth

Based on the reports and forecasts published by the Ministry of Health and Ministry of Commerce, People's Republic of China, the Group expects sale of medical devices to rise continually in China in the next 5 years. The main reasons behind this estimate are:

- (1) Increasing level of synchronization between China and the rest of the world, which increases the market's demand for medical devices.
- (2) Approximately 15% of the medical devices and equipment used by 20,000 hospitals in China were made sometime around the 1970s, meaning that a large number of equipment is due for replacement.
- (3) Medical devices have evolved from single-function to serving multiple functions. Ongoing adjustments to the ways products are utilized will give rise to new demand for medical devices.
- (4) Growth of economic activities will increase the need for upgraded medical service.

- (5) Modern medicine is highly dependent on diagnosis using advanced medical equipment for both prevention and treatment of illness. The production value of medical equipment and devices is comparable to the pharmaceutical industry in advanced nations. In China, however, the former was only 1/5 the production value of the latter, indicating immense room for growth of medical equipment and devices in China. Furthermore, the ratio of medical devices sold compared to pharmaceuticals was 1:8 in China, while advanced nations report a ratio close to 1:1.
- (6) Change in China's national policy increases demand for medical devices. As the healthcare system progresses, medical service will gradually emerge to become the primary source of revenue for hospitals, and having a complete range of advanced medical equipment will be critical to maintaining service quality. Furthermore, patients' demand for mid-to-high end medical equipment will continue to support growth of the medical devices industry.
- (7) After joining the World Trade Organization (WTO), China's tariff on medical devices had reduced from 11% in 2000 to 5%-6% in 2003 on average, and the goods are still being purchased under the import tender system. This means that more foreign products will be brought into China.

#### 4. Competitive advantage

##### (1) Multi-brand collaborative model

In a conventional agency model, the original manufacturer not only confines selling activities of its distributors to specific regions, but also limits distributors' ability to engage in the sale of competing products. In most cases, no single distributor is able to fulfill the needs of medical institutions to purchase a basket of supplies, given the vast diversity of reagents and consumables used in medical diagnosis. Cowealth Group, however, has persisted in the offering of centralized procurement service for in vitro diagnostic products since inception, and favors a multi-brand collaborative model in which it has no obligation to promote products of any specific supplier and is open to the concept of sourcing products from multiple competing brands.

##### (2) Centralized procurement service that reduces customers' holding costs

Today, Cowealth Group has established relationships to supply full range of in vitro diagnostic products and provide centralized procurement service to more than 100 tier-3 hospitals in China, while eliminating the need to go through the distribution systems of individual original manufacturers. Furthermore, being able to consolidate demands across customers has enabled Cowealth Group to negotiate with suppliers on volume purchase and reduce purchasing cost for medical institutions.

##### (3) Diverse value-adding services

Having accumulated extensive experience in centralized procurement service, the Group assigns officers to station at major customers where they assist hospitals with inventory management, procurement projection, specialized training, and establishment of information system to minimize waste.

##### (4) Abundant management experience

The majority of Cowealth's management team are experienced professionals from world-class medical enterprises, who contribute market insight, compliance, and standardization practices of high-tech nations. After many years in China, the management team has developed comprehensive knowledge of the current market, strong relationship with customers, high degree of familiarity with prevailing laws, and efficient management practices.

##### (5) Economic collaborations that are mutually beneficial

The Company exercises care when choosing hospitals to work with, and makes "economic benefit" the primary concern. To minimize risks, the Company evaluates hospitals by bed count and past performance, and identifies those that exhibit "high economic value" to work with. Each contract is drawn after making sure that the customer is able to make adequate and effective use of the equipment/device sold, and maximize annual profit while incurring the least amount of cash outlay. By helping hospitals profit from the collaborative arrangement, they are more willing to make payments and are less likely to breach agreements. This approach also minimizes risks of contract default or termination caused by changes in hospital management.

##### (6) Successful management of distribution channels

Through the "Product > Channel > Scale > Yield" approach described above and continuous increase of distribution channel, the Group intends to expand and take advantage of to increase sales further with the help of suppliers local and abroad. Project Summit, launched in 2008, brought businesses to a higher level of success as yields of each "channel" were maximized under a centralized logistic service.

(7) Complete after-sale service

Cowealth Group has a customer service center that is responsible for handling sales orders from customers in China, and a nationwide, competent maintenance team that responds to calls under 4 hours and delivers service under 8 hours for the highest customer satisfaction.

(8) Market leadership

Owing to market expansion efforts in the early days, Cowealth Group has reached economy of scale and is starting to profit. Its flexible and customizable integrated service model outperforms peers by a significant extent, thereby making Cowealth the market leader. Meanwhile, the strong bonds between suppliers and hospitals that the organization has built over time now poses significant barrier of entry to competitors.

(9) Continuity of customer relations

Cowealth Group has a Visitor Center, Logistics Center, and Training Center established at its Shanghai Headquarter. The headquarter regularly invites customers, physicians, and hospital management for visit and organizes training courses and conferences from time to time. Customers from China are also invited to visit and exchange knowledge at sizable hospitals in Taiwan. These interactions have strengthened the relationship and trust between customers and Cowealth Group, and is proven to be extremely beneficial at securing distribution channels over the long term.

5. Future opportunities, threats, and response strategies

(1) Opportunities

The State Council of the People's Republic of China has been promoting reforms of the healthcare and hospital system since the mid-1990s. Although all hospitals are state-owned, the government no longer subsidizes hospitals for purchase of medical equipment, and almost all local hospitals are now responsible for their own financial performance. Meanwhile, the separation of prescribing and dispensing limits the amount of fees that hospitals may charge for medication, and by reducing drug prices and having patients purchase medication at designated pharmacies, hospitals lose as much as 50%-60% of their usual revenues. Faced with low consultancy and hospitalization fees, hospitals have no choice but to use medical devices for diagnosis and treatment and charge accordingly in order to increase revenues and profits. As a result, demand for high-quality and multi-functional medical equipment has risen. The loss of government subsidy combined with the need to improve competitiveness and raise revenues through acquisition of advanced equipment presents an entry opportunity for Cowealth Group, with its distinctive collaborative solution. Foreign companies see this trend, too, but they have no means to manage accounts receivable risks, and therefore require distributors in China to provide guarantee and bear the risks of customers' purchases. However, local businesses in the Mainland generally lack the financing channels they need to offer flexible sales solutions to their advantage.

(2) Threats and response measures

A. Risk of intensifying competition: In vitro diagnostics is one of the fastest growing segments in China's healthcare industry. Increasing market demand combined with policy incentives will attract entry from more businesses and make the market more competitive than before.

Response strategies:

Cowealth Group specializes in providing centralized procurement service for in vitro diagnostic products (diagnostic equipment, reagents, and consumables) and medical logistic services (agency sale of devices and consumables). Cowealth does not compete directly with original manufacturers or equipment suppliers, but instead engages them as long-term business partners in a grand market strategy.

B. Inherent risks as a distributor: Being a distributor of medical devices, Cowealth Group faces the risk that its suppliers may decide to deal with end users directly and avoid the intermediary altogether on a later date once its products have been accepted

by the market, which may negatively affect Cowealth Group's operations.

Response strategies:

Cowealth Group has persistently taken actions to avoid this development through the use of contracts or other methods.

C. Industry policy risks: Reform of the healthcare industry has intensified continually since the State Council of the People's Republic of China issued an opinion on escalated reform of the healthcare system (2009). To further enforce reform of the healthcare system, China implemented a dual-invoice policy in 2016 within the intention to limit hospitals' purchases to tier-1 distributors or original manufacturers only. This policy may limit the number of suppliers and the range of supplies available to Cowealth Group, and the Group may be unable to sell goods through traders.

Response strategies:

Cowealth Group will direct more focus toward agency sale of advanced medical device and development of new business activities, while at the same time paying close attention to policy implementation and timing, so that proper adjustments can be made to the operational plan.

(II) Main product applications and production processes

1. Main product applications

Product category	Product name	Product purpose
Radiotherapy machines	Magnetic-resonance-guided adaptive radiotherapy system (ViewRay)	This is currently the world's first and only clinical device that incorporates both MRI and radiotherapy functions. It has the capability to perform stereotactic body radiation therapy (SBRT), stereotactic radiosurgery (SRS), image-guided radiation therapy (IGRT), intensity-modulated radiation therapy (IMRT), and 3D conformal radiotherapy (conformal RT)
Clinical diagnostic products- Automated clinical chemistry analyzer	Beckman Series, Hitachi Series, Siemens Series	Automated clinical chemistry analyzers are mainly used to perform laboratory analyses at the diagnosis department of a hospital. The device analyzes blood (or urine, body fluid etc.) for presence of bio-active small molecular substances.
Clinical diagnostic products- Automated hematology analyzer	Abbott Series, Siemens Series, Johnson & Johnson Series	Automated hematology analyzer, too, is used to perform laboratory analyses at the diagnosis department of a hospital. The device analyzes blood for substances such as white blood cell, red blood cell, and platelet.
Clinical diagnostic products- Automated enzyme immunoassay analyzer	Roche Series, Abbott Series, Siemens Series, Beckman Series	Automated enzyme immunoassay analyzers are mainly used to perform laboratory analyses at the diagnosis department of a hospital. The device analyzes blood (or urine, body fluid etc.) for bio-active high molecular substances including immunoglobulin and hormone.
Reagents Reagents	Bio-diagnostic reagents	Bio-diagnostic reagents are mainly used with tests performed using clinical chemistry analyzers.
	Hematology diagnostic reagents	Mainly used with hematology analyzer for clinical diagnostic.
	Immunological diagnostic reagents	Immunological diagnostic reagents are mainly used for clinical diagnosis with automated/semi-automated immunological equipment.

2. Production process: Cowealth Group is not involved in manufacturing activities, hence not applicable.

(III) Supply of key raw materials: Not applicable as the Company is not a manufacturer.

(IV) Main suppliers/buyers list

1. Main suppliers in the last two years

Name of supplier representing more than 10% of total purchases in any year, and the amount and percentage of purchase. Describe causes of any variation

Unit: NTD thousands

Item	2021				2022			
	Name	Amount	As a percentage of annual net purchases	Relationship with issuer	Name	Amount	As a percentage of annual net purchases	Relationship with the issuer
1	Others	4,305,543	100.00%	None	Others	4,540,154	100.00%	None

Note 1: The table lists out suppliers that represent more than 10% of purchases made in the last two years, along with individual amounts and percentages; alias is used if the underlying contract prohibits the Company from disclosing the name of the counterparty, or if the counterparty is an unrelated natural person.

Note 2: TWSE/TPEX listed companies are required to disclose the most recent audited or auditor-reviewed financial information available before the publication date of annual report.

Radiotherapy machines and accessories, clinical diagnosis instruments, and in vitro diagnostic reagents make up the majority of the Company's purchases.

No single supplier represented more than 10% of the Company's purchases in 2021 or 2022; source of supply is deemed diversified and consistent.

2. Main customers in the last two years

Name of customer representing more than 10% of total sales in any year, and the amount and percentage of sale. Describe causes of any variation:

Unit: NTD thousands

	2021				2022			
Item	Name	Amount	As a percentage of annual net sales	Relationship with the issuer	Name	Amount	As a percentage of annual net sales	Relationship with the issuer
1	Customer - FY	772,637	15.03%	None	Customer - FY	770,435	13.69%	None
2	Others	4,367,111	84.97%	-	Others	4,855,932	86.31%	-
	Total	5,139,748	100.00%		Total	5,626,367	100.00%	

Note 1: The table lists out customers that represent more than 10% of sales made in the last two years, along with individual amounts and percentages; alias is used if the underlying contract prohibits the Company from disclosing the name of the counterparty, or if the counterparty is an unrelated natural person.

Note 2: TWSE/TPEX listed companies are required to disclose the most recent audited or auditor-reviewed financial information available before the publication date of annual report.

Cowearth Group sells mostly in China, and had only one customer representing more than 10% of overall revenues in the last two years. The Company continues to explore new product lines and expand customer base as ways to mitigate sales concentration.

(V)Production volume and value in the last two years: The Group is not involved in manufacturing activities, hence not applicable.

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

Unit: NTD thousands

Sales volume/value  Main products (or department)	Year	2021				2022			
		Domestic sale		Export sale		Domestic sale		Export sale	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
In vitro diagnostic equipment, reagents, and consumables		-	-	-	4,966,351	-	-	-	5,507,884
Agency sale of device and consumables		-	208	-	166,833	-	348	-	107,789
Others		-	-	-	6,356	-	-	-	10,346
Total		-	208	-	5,139,540	-	348	-	5,626,019

Note: Domestic sale refers to sales within Taiwan

### III. Employee information in the last 2 years up until the publication date of annual report

Year		2021	2022	Current year up until April 14, 2023
Employee count		234	263	255
Average age		35	35	35
Average years of service		5.0	5	5
Academic background	Doctoral Degree	-	0.76%	0.79%
	Master's Degree	11.97%	11.41%	11.90%
	Bachelor Degree	82.91%	77.95%	78.97%
	Senior high school	5.13%	9.89%	10.32%
	Below senior high school	-	-	-

### IV. Contribution to environmental protection

- (I) Losses (including damage compensation) arising as a result of pollution in the last year up until the publication date of annual report (arising from violation against environmental protection law found during environmental inspection; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses can not be reasonably estimated: The Company is not involved in manufacturing activities, hence not applicable.



## V. Labor-management relations

- (I) Availability and execution of employee welfare, education, training and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights.

### 1. Welfare measures and implementation

Serial No.	Welfare measures	Implementation
1	Complimentary health checkup for permanent employees	All employees are entitled
2	Commercial accident insurance with medical coverage	All employees are entitled
3	Interim half-yearly gatherings (including offshore trips)	Back-end support staff with top-50% performance and sales employees having met their annual performance targets are eligible to attend
4	Annual gatherings	All employees are entitled
5	Paid leave of absence	All employees are entitled, and the terms are more favorable than what the local laws require
6	Employee care	Employees are offered gifts or cash for occasions such as birthday, festival, wedding, child birth, and hospitalization
7	Fitness	All employees are entitled
8	Laptop purchasing subsidy	All employees are entitled
9	Communication subsidy	Employees are entitled to communication subsidies of different amount depending on duty requirements
10	Zero interest auto loan	Employees who complete probation and convert into permanent position may apply for zero interest auto loan
11	Zero interest housing loan	Employees having completed one year of service may apply for zero interest housing loan
12	Long service award	Employees are rewarded after completing 5, 10, 15, and 20 years of service
13	Retirement protection plan	Employees are entitled to retirement annuity insurance coverage after completing 6 years of service

2. Training and implementation

Training progress of existing and new employees in 2022

Serial No.	Training	Hours	Implementation
1	Orientation	226	All new recruits are required to complete the course; training coverage rate is reported at 100%.
2	Role-specific training	768	All employees are required to undergo training for skills that are relevant to their roles. These training courses are organized on an annual and unscheduled basis.
3	Common first-aid training	40	Employees are trained with first-aid skills that allow them to respond to emergencies.
4	Training of internal instructors	32	The Company provides training and assistance for all employees who have the intention to become internal instructors.
5	Environmental safety training	40	The Company promotes employees' safety awareness and trains their responses to fire, earthquake, and flood incidents. Employees are trained on the patrol and security of office and warehouse premises.
6	Business integrity training	60	Employees are introduced to the anti-bribery initiative and various issues concerning gift, hospitality, and donation. They are also reminded to uphold the moral baseline.
7	Training on accounting system and internal control	24	Employees are trained on new IFRS and bookkeeping practices, and are informed on issues concerning internal control and self-assessment.
8	Regulations and quality control	48	All employees are trained on matters concerning the quality management system, corporate certification, regulations of the medical industry, and GSP.
9	Specialist onboard training	280	The training covers maintenance of large radiotherapy equipment, skills of accounting personnel, and use of special vehicles.
10	Influential speaking	128	Sales employees are given the training needed to improve presentation skills, such as PPT preparation, facial expression, tone, and body language.
11	Corporate governance training	24	Training is given to board secretary and shareholder service personnel.

Progress of management succession plan - 2022

Serial No.	Training	Hours	Implementation
1	2022 business planning and regional conference	320	Mid-level and senior managers and sales management personnel
2	Analyses on the competitive landscape and strategies of diagnosis products and introduction of IT software	96	Mid-level and senior sales management personnel
3	Contract interpretation and risk control	48	Mid-level and senior sales management personnel
4	Delicacy management and empowerment	240	Department directors and senior managers

Serial No.	Training	Hours	Implementation
5	Influential presentation	192	Mid-level and senior managers and sales management personnel
6	Share incentives, performance assessment, and employees' rights and obligations	200	Mid-level and senior managers and sales management personnel
7	Quality management regulations	48	Mid-level and senior managers
8	Business integrity and insider trading prevention	15	Department directors and internal auditors

#### Managers' ongoing education - 2022

Title	Name	Date	Organizer	Course name	Training hours
President	Lee Duen	2022/5/12	Accounting Research and Development Foundation of the R.O.C.	Business succession and corporate governance	3
President	Lee Duen	2022/5/23	Accounting Research and Development Foundation of the R.O.C.	Legal liability for "trade secret protection" and case study	3
Chief Internal Auditor	Fang Ma	2022/11/23~2022/11/25	The Institute of Internal Auditors, R.O.C.	Enterprise initial internal auditor orientation workshop	18
Head of Finance & Accounting	Li-Feng Lin	2022/9/28	Accounting Research and Development Foundation of the R.O.C.	Latest corporate governance policy and corporate governance assessment practice analysis	3
Head of Finance & Accounting	Li-Feng Lin	2022/10/5~2022/10/14	Accounting Research and Development Foundation of the R.O.C.	Initial Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	30

#### 3. Pension system and execution

The Company implements pension systems according to regulations local to the places of domicile of the respective subsidiaries. Below are the systems adopted:

Region	Taiwan		Mainland
Pension system	Old scheme	New scheme	Basic Endowment Insurance
Governing law	Labor Standards Act	Labor Pension Act	Social Insurance Law
Contribution method	Contributions are made at 15% of employees' monthly salary into a dedicated account held with Bank of Taiwan under the Company's name	Contributions are made at 6% of employees' insured salary levels to their individual accounts held with Bureau of Labor Insurance; furthermore, employees may contribute an additional 6% into their individual accounts held	Contributions are made into employees' social insurance accounts based on prevailing salary basis and percentage (which

		with Bureau of Labor Insurance if so desired	differs from region to region)
--	--	--	--------------------------------

The Company also has the following supplementary pension systems for employees:

Applicable subjects	All employees who have completed 6 years of service
Contribution method	Both the Company and employees contribute 5%-10% of employees' salary basis
Equity attribution	Employees have 100% claim of the contributions they make plus interest; contributions made by the Company plus interests accrued are allocated proportionally according to employees' years of service with the Company

#### 4. Employment agreements and enforcement of employee rights

All members of Cowealth Group have signed employment (work) agreements with every employee to outline rights and obligations between two parties. The Group also has an Employee Manual that outlines employees' rights and obligations as well as the welfare policies and training arrangements to be made by the Company.

Main operating subsidiaries have created their own unions, and are required to negotiate with the union for any change to the terms of the Employee Manual or employees' rights and obligations. Union representatives are elected by all employees; the union serves to protect employees' rights and is responsible for coordinating employment relations within the organization.

- (II) Losses arising as a result of employment disputes in the last year up until the publication date of annual report (including violations against Labor Standards Act found during a labor inspection; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses can not be reasonably estimated: The Company did not exhibit violation in any labor inspection conducted in the last year and up until the publication date of annual report.

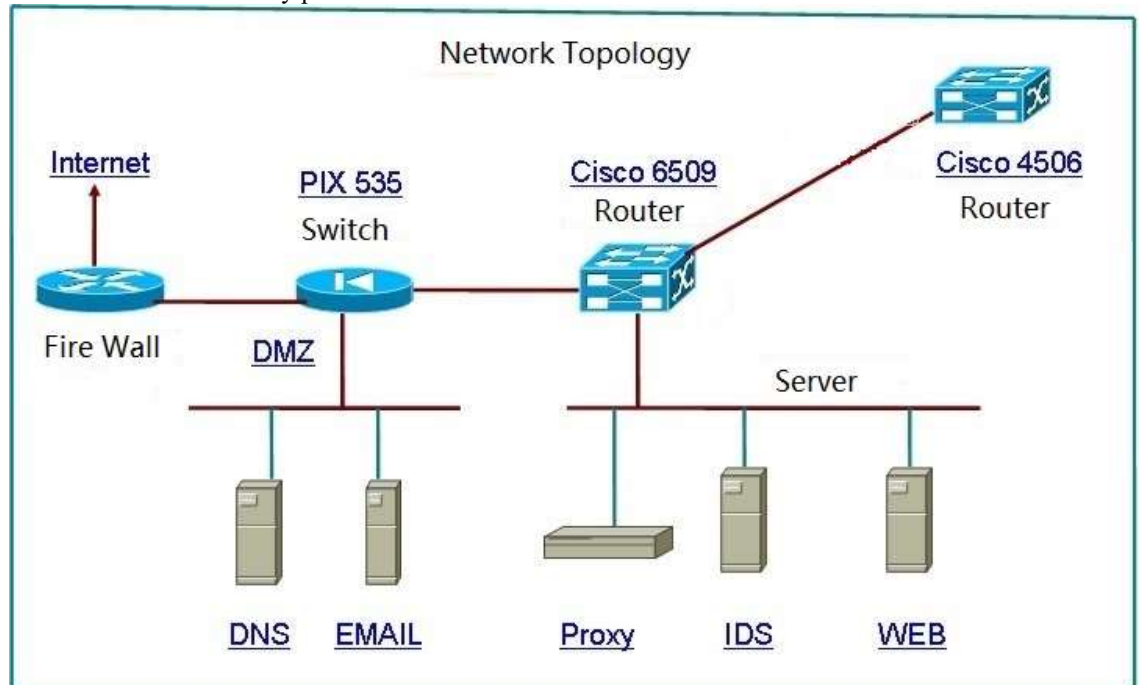
## VI. Cybersecurity management:

- (1) Cybersecurity risk management framework, cybersecurity policy, management practices, and resources committed:

The manager of General Affairs Department promotes cybersecurity policy and coordinates resources relating to cybersecurity risk management framework within Cowealth Group. The Group also has cybersecurity officers in place to oversee daily operations, and engages outside experts to perform special inspections if necessary.

The goal of cybersecurity policy is to ensure rigorous control over the flow of information through means such as system and network security hardware, firewall, intrusion detection, security scan, and anti-virus technologies. All devices connected to network (such as Web server, router, Intranet server etc.) are checked, analyzed, and evaluated to identify and report vulnerabilities and leaks in system memory. The Company also accesses security risks, recommends remedial actions, and monitors network traffic to effectively prevent hacker attack and spread of virus.

After analyzing the current state of network security within the Company and studying available security technologies, we have established enterprise cybersecurity principles and devised a network security plan as follows:



Implementation of management solutions:

- (1) Firewall solutions: Based on an overall assessment of network security, Cowealth Group opted to use a single Paloalto firewall server to segregate sales network from the corporate Intranet. Meanwhile, servers with Internet connection, such as DNS and email, have been configured within the DMZ with proper separation between Intranet and Internet.

The firewall has been set up using the principles below: to create logical and effective security filtering rules that examine protocols, ports, source/destination IP, and flow of data packets and rigorously control illegal access from Internet users; to allow only necessary services such as HTTP, FTP, SMTP, and POP3 in the DMZ and prevent DDoS attack from the outside; to review firewall access log on a regular basis; and to impose rigorous control over firewall administrator's authority.

Firewalls are extremely effective at increasing security of the Intranet, and reduces risks by blocking insecure service. Firewall rules can be configured to grant access only to selected applications and protocols, which increases security of the network environment. For example, the firewall can be configured to block insecure protocols such as NFS, so that these protocols can not be exploited by malicious

outsiders to attack the Intranet. Firewall also protects the network from attacks that target the router, such as IP spoofing and ICMP redirect.

- (2) Intrusion detection: CA eTrust Intrusion Detection has been deployed on the monitoring port of the core switch, whereas central workstation-controlled network intrusion detection proxies have been installed at different network segments (local or remote) to detect and respond to network intrusion.

The intrusion detection system captures all data transmissions between the Intranet and the Internet in real time, and presents them using dynamic graphs to keep the administrator informed of ongoing connections and access between the two networks. By applying protocol analysis and pattern matching, the administrator can efficiently identify network attacks and abnormal occurrences such as DDoS, unauthorized access attempts, pre-attack detection etc., and even customize the type of alarm to send if an attack occurs. In the event of a severe network intrusion, the intrusion detection engine can send a disruption signal to directly sever connection of the attacker. The system also allows dynamic adjustments of the firewall protection strategy, thereby making firewall a flexible and intelligent feature to the protection system.

- (3) Network security vulnerabilities: The corporate network houses servers for many different services such as website, email, segmentation, video, and more importantly, the database. The administrator alone can not fully control and resolve security flaws and vulnerabilities of each server within the entire network, and therefore relies on the use of tools to regularly scan, analyze, evaluate, and report vulnerabilities and leaks in system memory. The findings allow security risks to be thoroughly evaluated with remedial measures taken to enhance network security.
- (4) Anti-virus solution: Cowealth uses Symantec's software to build an anti-virus system for the entire organization. All servers and computer equipment within the network are fully protected against virus. A virus protection center has also been established under the network center to manage all computers within the same anti-virus segment. The anti-virus segment has a primary server that oversees virus management for the entire segment. A uniform anti-virus strategy has been implemented, and the system has been configured to scan, search, and remove virus automatically.

This setup offers multiple advantages including: centralized monitoring of virus intrusion, virus protection, anti-virus activity across all systems; centralized management, installation, and maintenance of anti-virus software; consolidated virus intrusion reporting, notification, and outbreak alert for the entire system; consolidated access to anti-virus system log; and consolidation and analysis of system performance data by the administrator.

System patches and virus removal tools are downloaded and executed in a timely manner as prompted by internal notification or website announcement for prevention purpose.

- (5) Access rights management: By implementing effective user password rules and access control, the Company ensures that only legitimate users are granted access to resources. The Intranet administrator is responsible for overseeing passwords configured on various equipment. Users are constantly reminded not to use the same password across different systems, to include a combination of capital letters, small letters, special characters, and numbers in their passwords, and to change passwords regularly.
- (6) Important files and internal data management: Critical data is backed up regularly to prevent major losses from software/hardware malfunction, virus infection, hacker attack, or system crash. The Company uses full-featured backup software and recovery tools and makes flexible backup arrangements to protect valuable data. The Company imposes confidentiality requirements on system software, applications, and information held on hand, and adopts tier-based management for different types of file, including write protection on system files and critical execution files. Servers of high importance are supported with enhanced data backup solutions such as RAID5 and recovery protocols. Furthermore, it is mandatory for sensitive equipment and data to be subjected to physical or logical isolation.

Commitment of cybersecurity management resources: Cowealth Group's commitments include but are not limited to the following:

- (1) Internal security management: This mainly involves the creation of an internal security management system, which covers server room management, equipment management, security system management, virus prevention, operational security management, and security incident response. Effective measures are also taken to ensure proper execution of the system. Internal security management mostly use a combination of administrative and technical means.
  - (2) Network security management: After installing router, firewall, and security detection system at the network layer, additional care is taken to ensure that ACL is correctly configured on the router and firewall, and to prohibit unauthorized changes. Security management at the network layer can be enforced using network administration, firewall, and safety detection tools.
  - (3) Application security management: Security management of applications and systems is a complex task. Due to the differences in security mechanisms adopted by applications and systems, it is essential to create a unified application security platform to manage day-to-day tasks such as centralized creation of user database, centralized maintenance of original directory, and centralized authorization.
  - (4) IT budget management: All expenses required for the three aspects above and related equipment renewal costs are included as regular budgets during annual budget review. Additional budget reserves have also been made to accommodate non-regular IT projects.
- (II) Losses arising as a result of major cybersecurity incident in the last year up until the publication date of annual report, and possible impacts and response measures; state the reasons if losses can not be reasonably estimated: The Company did not suffer any loss from cybersecurity incident in the last year and up until the publication date of annual report.

## VII. Major contracts:

Nature of contract	Parties involved	Contract start/end date	Main details	Restrictive clauses
Agency	ViewRay Technologies Inc.	July 2019 - December 2023	To acquire agency for Taiwan and Hong Kong	
Sales	RMZJYY	May 2020 - June 2023	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	GWSHYY	April 2017 - September 2023	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	SLSZX	February 2010 - August 2028	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	JNGZDY	January 2014 - December 2025	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	DEGDYY	June 2020 - May 2025	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	PXJXRM	July 2021 - June 2027	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	XKSHYY	August 2019 - November 2022 Note 1	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	DSSHYY	April 2017 - April 2022 Note	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	FYSHYY	February 2018 - May 2023	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Sales	QYPXRM	April 2020 - March 2032	Integrated logistics management service for clinical diagnosis equipment and in vitro diagnostic reagents	-
Procurement	RDHPYL	September 2022-December 2023	Equipment procurement agreement	-
Procurement	HEXHYY	Note 2	Procurement agreement	-
Procurement	SSJNLR	November 2018 - October 2025	Procurement agreement	-
Procurement	SKHPYQ	August 2019~Valid for a long term	Procurement agreement	-
Procurement	SSZIMY	Note 3	Procurement agreement	-
Procurement	QGHPMY	September 2021- September 2024	Procurement agreement	-
Procurement	HRHPYY	Note 4	Procurement agreement	-
Procurement	XSHPSW	Note 5	Procurement agreement	-
Procurement	GYSDSW	Note 6	Procurement agreement	-
Procurement	MRZJYL	Note 7	Procurement agreement	-
Credit	Taishin International Bank	September 2022~ September 2023	Short-term borrowing limit	Credit
Credit	KGI Bank	December 2022~ December 2023	Short-term borrowing limit	Credit
Credit	KGI Bank	July 2022~ July 2024	Trade financing and medium-term borrowing limit	Credit
Credit	Chang Hwa Commercial Bank	August 2022~ August 2023	Short-term borrowing limit	Credit
Credit	Cathay United Bank	October 2022~ October 2023	Trade financing and short-term borrowing limit	Credit
Credit	Cathay United Bank	June 2021 - June 2024	Trade financing and medium-term borrowing limit	Credit
Credit	CTBC Bank	December 2022~ December 2025	Trade financing and medium-term borrowing limit	Credit



Nature of contract	Parties involved	Contract start/end date	Main details	Restrictive clauses
Credit	CTBC Bank	September 2022~ September 2023	Trade financing and short-term borrowing limit	Credit
Credit	Shanghai Commercial & Savings Bank, Ltd.	November 2022~ November 2023	Short-term borrowing limit	Credit
Credit	Bank SinoPac	2022/05~2023/04	Short-term borrowing limit	Credit
Credit	Hua Nan Commercial Bank	March 2021 - December 2022	Warranty/guarantee limit	Credit
Credit	Yuanta Commercial Bank	June 2021 - June 2022	Short-term borrowing limit	Credit
Credit	EnTie Commercial Bank	October 2022~ October 2023	Trade financing and short-term borrowing limit	Credit
Credit	Mega International Commercial Bank	February 2022~ February 2023	Trade financing and short-term borrowing limit	Credit
Credit	Chailease International Financial Services (CIFSC)	March 2019 - March 2022 March 2020 - March 2022	Medium-term borrowing limit	Credit
Credit	Cathay United Bank (China) Ltd. Shanghai Branch	November 2022- November 2023	Trade financing and short-term borrowing limit	Credit
Credit	Fubon Bank (China) Co., Ltd. Shanghai Xuhui Sub-branch	June 2022- June 2025	Trade financing and short-term borrowing limit	Credit
Credit	China Merchants Bank Co., Ltd. Shanghai Branch	January 2023- January 2024	Trade financing and short-term borrowing limit	Credit
Credit	HSBC Bank (China) Co., Ltd. Shanghai Branch	2020/01/15-None	Trade financing and short-term borrowing limit	Credit
Credit	Bank of Dalian Co., Ltd. Shanghai Branch	January 2023- January 2024	Trade financing and short-term borrowing limit	Credit
Credit	China CITIC Bank Corporation Limited Shanghai Branch	June 2022- June 2023	Trade financing and short-term borrowing limit	Credit
Credit	Industrial Bank Co., Ltd. Shanghai Hongqiao CBD Sub-branch	September 2022- September 2023	Trade financing and short-term borrowing limit	Credit
Credit	Banking syndicate (Fubon Bank (China) Co., Ltd. & Bank of Shanghai Co., Ltd. Xuhui Sub-branch)	May 25, 2020 - May 25, 2023	Medium- and long-term borrowing limit	Credit

Note 1: Service to new turn of tender invitation.

Note 2: The agreement was effected on January 24, 2018 for a duration of one year, and is automatically renewed upon expiry if neither party expresses objection.

Note 3: Several purchase agreements were signed with the transaction counterparty, and the signing period was from 2012 to 2022. The contract start and end time varied from 1 to 8 years, or no start and end time was specified.

Note 4: Several purchase agreements were signed with the transaction counterparty, and the signing period was from 2012 to 2022. The contract start and end time was valid for a long term unless both parties reach agreement through negotiation.

Note 5: Several purchase agreements were signed with the transaction counterparty, and the signing period was from 2011 to 2022. The contract start and end time varied from 1 to 5 years, or no start and end time was specified.

Note 6: Several purchase agreements were signed with the transaction counterparty, and the signing period was from 2021 to 2022. The contract start and end time varied from 1 to 3 years, or no start and end time was specified.

Note 7: During 2022/1~2022/12, several purchase agreements were signed with the transaction counterparty, and the contracts were renewed during the beginning of each year.

## Six. Financial Overview

### I. Summary balance sheet and income statement for the last 5 years

(I) Summary balance sheet

Unit: NTD thousands

Item	Year	Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		3,491,959	4,702,593	4,702,355	4,723,296	6,421,075
Property, plant and equipment (Note 2)		318,321	310,896	234,598	223,799	211,166
Intangible assets		6,511	7,550	4,818	4,092	7,982
Other assets (Note 2)		277,067	391,896	437,721	449,528	566,765
Total assets		4,093,858	5,412,935	5,379,492	5,400,715	7,206,988
Current liabilities	Before dividend	1,918,188	1,837,967	1,806,445	1,719,229	1,923,859
	After dividend	1,936,629	1,926,481	1,899,384	1,835,403	2,047,778 (Note 3)
Non-current liabilities		283,926	230,246	141,844	156,349	81,020
Total liabilities	Before dividend	2,202,114	2,068,213	1,948,289	1,875,578	2,004,879
	After dividend	2,220,555	2,156,727	2,041,228	1,991,752	2,128,798 (Note 3)
Equity attributable to owners of parent company		1,830,369	2,444,831	2,545,145	2,567,854	2,835,390
Share capital	Before dividend	614,679	737,615	774,496	774,496	774,496
	After dividend	737,615	774,496	774,496	774,496	774,496
Capital reserve		509,088	966,148	1,007,215	1,007,738	1,223,667
Retained earnings	Before dividend	827,162	976,258	976,594	1,015,719	994,750
	After dividend	685,786	850,863	883,655	899,545	870,831 (Note 3)
Other equity items		-120,560	-235,190	-213,160	-230,099	-157,523
Treasury stock		-	-	-	-	-
Non-controlling equity		61,375	899,891	886,058	957,283	2,366,719
Total equity	Before dividend	1,891,744	3,344,722	3,431,203	3,525,137	5,202,109
	After dividend	1,873,304	3,256,208	3,338,264	3,408,963	5,078,190 (Note 3)

Note 1: All above financial information has been audited.

Note 2: No asset revaluation was performed in any of the above years.

Note 3: As of the publication date of annual report, distribution of 2022 earnings had been resolved and approved by the board of directors.

## (II) Summary statement of comprehensive income

Unit: NTD thousands

Item \ Year	Financial information for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenues	3,898,643	4,665,130	4,721,939	5,139,9748	5,626,367
Gross profit	880,990	1,039,571	1,023,832	1,057,927	1,104,442
Operating profit	355,727	408,661	338,017	340,989	369,826
Non-operating income and expenses	150,145	-12,636	-23,079	-6,253	18,516
Profit before tax	505,872	396,025	314,938	334,736	388,342
Current net income from continuing operations	294,476	337,748	208,916	215,912	235,198
Loss from discontinued operations	-	-	-	-	-
Current net income (loss)	294,476	337,748	208,916	215,912	235,198
Other comprehensive income for the current year (net, after tax)	-45,443	-90,251	40,292	-29,562	98,990
Total comprehensive income for the current period	249,033	247,497	249,208	186,350	334,188
Net income attributable to owners of the parent	286,180	279,752	124,394	139,464	94,115
Net income attributable to non-controlling shareholders	8,296	57,996	84,522	76,448	141,083
Total comprehensive income attributable to owners of the parent	240,737	175,842	147,761	115,125	167,781
Total comprehensive income attributable to non-controlling shareholders	8,296	71,655	101,447	71,225	166,407
Earnings per share (NTD) (Note 2)	4.54	3.79	1.61	1.80	1.22

Note 1: All above financial information has been audited.

Note 2: Calculated based on weighted average outstanding shares for the year.

(III) Names of financial statement auditors and audit opinions for the last 5 years

Year	Name of CPA firm	Name of CPA	Opinion
2018	KPMG	Wei-Chuan Kao, Charming Mei	Unqualified opinion
2019	KPMG	Charming Mei, Wei- Chuan Kao	Unqualified opinion
2020	KPMG	Charming Mei, Pao Leng Chow	Unqualified opinion
2021	KPMG	Pao Leng Chow, Chiu-Hua Hsieh	Unqualified opinion
2022	KPMG	Pao Leng Chow, Chiu-Hua Hsieh	Unqualified opinion

## II. Financial analysis for the last 5 years

### (I) Financial analysis

Analysis		Year	Financial information for the last 5 years					
			2018	2019	2020	2021	2022	
Financial position (%)	Debt-to-assets ratio		53.79	38.21	36.22	34.73	27.82	
	Long-term capital to property, plant and equipment ratio		683.48	1,149.89	1,523.05	1,645.00	2,501.88	
Solvency (%)	Current ratio		182.04	255.86	260.31	274.73	333.76	
	Quick ratio		144.40	213.99	219.58	207.73	263.22	
	Interest coverage ratio		1,538.61	1,272.33	970.81	1,421.71	1,655.55	
Operating efficiency	Receivables turnover (times)		1.99	2.12	1.89	1.95	1.88	
	Average cash collection days		183.41	172.16	193.12	187.17	194.14	
	Inventory turnover (times)		9.68	8.62	7.13	6.00	5.42	
	Accounts payable turnover (times)		10.20	9.7	6.83	6.99	5.62	
	Average inventory turnover days		37.70	42.34	51.19	60.83	67.34	
	Property, plant and equipment turnover (times)		10.47	14.83	17.31	22.42	25.87	
	Total asset turnover (times)		1.01	0.98	0.88	0.95	0.89	
Profitability	Return on assets (%)		8.15	7.71	4.32	4.30	3.97	
	Return on equity (%)		16.56	12.90	6.17	6.21	5.39	
	Debt-to-equity ratio (%)	Operating profit		20.01	15.61	9.98	9.80	8.48
		Profit before tax		28.45	15.13	9.30	9.62	8.90
	Pre-tax profit to paid-up capital (%)		82.30	53.69	40.66	43.22	50.14	
	Net profit margin (%)		7.55	7.24	4.42	4.20	4.18	
	Earnings per share (NTD)		4.54	3.79	1.61	1.80	1.22	
Cash flow	Cash flow ratio (%)		6.97	-7.44	8.34	-6.89	-13.91	
	Cash flow adequacy ratio (%)		34.86	26.10	59.41	32.61	-0.83	
	Cash reinvestment ratio (%)		4.82	-4.19	1.64	-5.39	-7.09	
Degree of leverage	Operating leverage		2.03	2.08	2.44	2.37	2.04	
	Financial leverage		1.11	1.09	1.12	1.08	1.07	
Reasons for changes in financial ratios in the last 2 years. (unnecessary if the variation was less than 20%)								
1. Increase in long-term capital to property, plant and equipment ratio: It was mainly due to that the important subsidiary Cowealth Medical China Co., Ltd. executed IPO on February 16, 2022, and external investment increased, such that long-term capital increased. Since there was no major change to the real property, plant and equipment, the long-term capital to property, plant and equipment ratio increased from last year.								
2. Increase in current ratio and quick ratio: It was mainly due to the increase of cash and accounts receivable, such that both the current ratio and quick ratio increased by 20%.								
3. Decrease in earnings per share (NT\$): Due to the change on the shareholding of the subsidiary in the current year, the profit after tax attributable to the Company decreased from last year, such that the earnings per share decreased.								
4. Decrease in cash flow ratio and cash reinvestment ratio: Mainly due to the increase in accounts receivable and increase in net cash outflow from operating activities, such that the cash flow ratio and cash reinvestment ratio decreased.								

5. Decrease in cash flow adequacy ratio: Mainly due to the decrease of the net cash flow from operating activities of the Company in the most recent five years from the same period of last year, and the total amounts of the capital expenditure, inventory increase and cash dividends in the most recent five years were close for these two periods, consequently, the cash flow adequacy ratio decreased.

Note 1: All above financial information has been audited or auditor-reviewed.

Note 2: TWSE/TPEX listed companies are required to analyze audited or auditor-reviewed financial information available before the publication date of annual report.

Note 3: Calculation of earnings per share has taken the following factors into account:

1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
2. Effects of cash issue or treasury stock, weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. For preferred shares that are cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. For preferred shares that are non-cumulative in nature, preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note 4: Cash flow analyses have taken the following factors into account:

1. Net cash flow from operating activities is taken from the amount presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow for capital investments.
3. Increase in inventory is used only if closing balance exceeds opening balance. The value will be substituted with zero if closing inventory balance is less than the opening balance.
4. Cash dividends include both common and preferred share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.

Below are the formulas used in various financial analyses:

1. Financial position
  - (1) Debt-to-assets ratio = total liabilities/ total assets.
  - (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
  - (3) Interest coverage ratio = earnings before interest and tax / interest expenses for the current period.
3. Operating efficiency
  - (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
  - (2) Average cash collection days = 365 / receivables turnover.
  - (3) Inventory turnover = cost of sales/average inventory balance.
  - (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
  - (5) Average inventory turnover days = 365 / inventory turnover.
  - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
  - (7) Total asset turnover = net sales / average total assets.
4. Profitability
  - (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
  - (2) Return on equity = net income / average shareholders' equity.
  - (3) Net profit margin = net income / net sales.
  - (4) Earnings per share = (net income attributable to owners of the parent - preferred share dividends) / weighted average outstanding shares.
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Degree of leverage:
  - (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
  - (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

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

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 business report, financial statements and earnings appropriation proposal. The financial statements have been audited by CPA firm of KPMG, to which the firm issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements, or earnings distribution proposal, and hereby issues its report in accordance with the Articles of Incorporation, the Audit Committee Charter, and relevant laws.

Cowearth Medical Holding Co., Ltd.

Audit Committee Convener Yen-Ching Tsai

March 21, 2023

### **IV. Latest financial report, including independent auditor's report and comparative balance sheets, statements of comprehensive income, statements of changes in equity, cash flow statements, and notes or attachments thereof for**



**the most recent year: Please see pages 86-157 of the annual report.**

**V. Latest audited standalone financial statements. Excluding details of major accounts: Not applicable.**

**VI. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position in the last year up until the publication date of annual report: None.**

**COWEALTH MEDICAL HOLDING CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

To the Board of Directors of Cowealth Medical Holding Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Cowealth Medical Holding Co., Ltd. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement 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 of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation, as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Valuation of accounts receivable

Please refer to Note 4(g) “financial instruments” for accounting policy of accounts receivable, Note 5(a) for accounting estimations and assumption uncertainty of accounts receivable valuation, and Note 6(b) “note and trade receivables” for the explanations of accounts receivable valuation.

#### Description of key audit matter

The majority customers and the sales region of the Group are hospitals located in China and some of the contracts are recognized under installment sale method which leads to longer accounts receivable turnover days. Since the allowance of accounts receivable valuation was based on the management's judgement, we will need to pay close attention to this matter during the audit of financial statement.

#### How the matter was addressed in our audit

We tested the effectiveness of the Group's controls related to receivables collection and reviewed the received payments after the collection period; analyzed accounts receivable aging report, collection records, recent customers' credit status, and other related documents to assess the reasonableness of the Group's allowance of accounts receivable valuation. Furthermore, we also assessed the appropriateness of the Group's relevant disclosure of accounts receivable.

## 2. Revenue recognition

Refer to Note 4(o) "Revenue recognition" and Note 6(t) "Revenue from contracts with customers" to the consolidated financial statements.

#### Description of key audit matter

Revenue is an important indicator to measure the business performance of the Group. Whether the amount and time of revenue recognition is correct significantly affects the quality of financial statement and the operation of the capital market. It is one of the important assessment matters for us to perform the audit of the financial reports of the Group.

#### How the matter was addressed in our audit

We tested the effectiveness of the Group's controls on sales and receivable cycles; evaluated whether the Group's and the Subsidiary's revenue recognition provisions were consistent with the accounting standards; Checked related vouchers around the selected balance sheet date to confirm the appropriateness and the cutoff date of the recorded sales revenue. Besides, we checked the sales contracts and related documents between the major subsidiaries and the customers of the Group, reviewed customer evaluation documents, and performed sales analysis on each product to assess the reasonableness of revenue recognition.

## **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 with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chou, Pao Lian and Hsieh, Chiu-Hua.

KPMG

Taipei, Taiwan (Republic of China)

March 21, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>					<b>Liabilities and Equity</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 1,383,390	19	842,684	16	2100 Short-term borrowings (notes 6(l) and 9)	\$ 565,720	8	744,164	14
1110 Current financial assets at fair value through profit or loss (note 6(b))	44,102	1	-	-	2130 Current contract liabilities (note 6(t))	4,561	-	55,663	1
1150 Notes receivable, net (note 6(c))	37,461	1	50,823	1	2151 Notes payable	263,510	4	-	-
1170 Accounts receivable, net (note 6(c))	3,348,800	46	2,563,092	47	2170 Accounts payable	789,194	11	555,233	10
1200 Other receivables, net (notes 6(d) and 7)	8,663	-	14,641	-	2200 Other payables (note 7)	199,424	3	258,838	5
1300 Inventories, merchandising business, net (note 6(e))	898,593	12	770,986	14	2230 Current tax liabilities	39,326	1	17,972	-
1421 Prepayments to suppliers (note 7)	458,484	6	302,098	6	2250 Current provisions (note 6(n))	2,847	-	2,112	-
1470 Other current assets (notes 6(a), 7 and 8)	<u>241,582</u>	<u>4</u>	<u>178,972</u>	<u>3</u>	2280 Current lease liabilities (notes 6(o) and 7)	15,310	-	14,145	-
	<u>6,421,075</u>	<u>89</u>	<u>4,723,296</u>	<u>87</u>	2322 Long-term borrowings, current portion (notes 6(m) and 9)	38,250	-	67,482	1
<b>Non-current assets:</b>					2399 Other current liabilities, others (note 7)	<u>5,717</u>	<u>-</u>	<u>3,620</u>	<u>-</u>
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	136,646	2	-	-		<u>1,923,859</u>	<u>27</u>	<u>1,719,229</u>	<u>31</u>
1551 Investments accounted for using equity method (note 6(f))	1,014	-	864	-	<b>Non-Current liabilities:</b>				
1600 Property, plant and equipment (note 6(i))	211,166	3	223,799	4	2540 Long-term borrowings (notes 6(m) and 9)	47,697	1	52,069	1
1755 Right-of-use assets (notes 6(j) and 7)	153,072	2	161,833	3	2570 Deferred tax liabilities (note 6(q))	7,607	-	24,915	-
1780 Intangible assets (note 6(k))	7,982	-	4,092	-	2580 Non-current lease liabilities (note 6(o))	25,716	-	35,478	1
1840 Deferred tax assets (note 6(q))	142,862	2	134,270	3	2640 Net defined benefit liability, non-current (note 6(p))	-	-	43,887	1
1990 Other non-current assets, others (notes 6(a) and 8)	<u>133,171</u>	<u>2</u>	<u>152,561</u>	<u>3</u>		<u>81,020</u>	<u>1</u>	<u>156,349</u>	<u>3</u>
	<u>785,913</u>	<u>11</u>	<u>677,419</u>	<u>13</u>	<b>Total liabilities</b>	<u>2,004,879</u>	<u>28</u>	<u>1,875,578</u>	<u>34</u>
					<b>Stockholder' equity attributable to parent: (note 6(r))</b>				
					3110 Ordinary share	<u>774,496</u>	<u>11</u>	<u>774,496</u>	<u>14</u>
					3200 Capital surplus	<u>1,223,667</u>	<u>17</u>	<u>1,007,738</u>	<u>19</u>
					Retained earnings:				
					3320 Special reserve	487,131	7	478,275	9
					3350 Unappropriated retained earnings (accumulated deficit)	<u>507,619</u>	<u>7</u>	<u>537,444</u>	<u>10</u>
						<u>994,750</u>	<u>14</u>	<u>1,015,719</u>	<u>19</u>
					3410 Exchange differences on translation of foreign financial statements	<u>(157,523)</u>	<u>(2)</u>	<u>(230,099)</u>	<u>(4)</u>
					<b>Total equity attributable to owners of parent:</b>	<u>2,835,390</u>	<u>40</u>	<u>2,567,854</u>	<u>48</u>
					36XX Non-controlling interests (note 6(h))	<u>2,366,719</u>	<u>32</u>	<u>957,283</u>	<u>18</u>
					<b>Total stockholders' equity</b>	<u>5,202,109</u>	<u>72</u>	<u>3,525,137</u>	<u>66</u>
<b>Total assets</b>	<u>\$ 7,206,988</u>	<u>100</u>	<u>5,400,715</u>	<u>100</u>	<b>Total liabilities and stockholders' equity</b>	<u>\$ 7,206,988</u>	<u>100</u>	<u>5,400,715</u>	<u>100</u>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

(expressed in thousands of New Taiwan Dollars , except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(t))	\$ 5,626,367	100	5,139,748	100
5000	Operating costs (note 6(e))	<u>4,521,925</u>	<u>80</u>	<u>4,081,821</u>	<u>79</u>
	<b>Gross profit</b>	1,104,442	20	1,057,927	21
	<b>Operating expenses (notes 6(c)(d)(p)(u)(v) and 7):</b>				
6100	Selling expenses	368,967	7	283,963	6
6200	Administrative expenses	333,020	6	403,660	8
6300	Research and development expenses	12,363	-	-	-
6450	Expected credit loss (gain)	<u>20,266</u>	<u>-</u>	<u>29,315</u>	<u>1</u>
		<u>734,616</u>	<u>13</u>	<u>716,938</u>	<u>15</u>
	<b>Operating income</b>	<u>369,826</u>	<u>7</u>	<u>340,989</u>	<u>6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	37,245	1	10,575	-
7190	Other income, others (notes (v) and 7)	6,280	-	9,769	-
7210	Gains on disposals of property, plant and equipment	(791)	-	(16)	-
7228	Gain on lease modification (note 6(j))	2,521	-	-	-
7235	Gains on financial assets at fair value through profit or loss	7,501	-	-	-
7630	Foreign exchange gain (loss)	(1,373)	-	(1,590)	-
7050	Finance costs, net	(24,965)	(1)	(24,385)	-
7590	Miscellaneous disbursements	(363)	-	(541)	-
7625	Losses on disposals of investments	(7,644)	-	-	-
7770	Share of profit (loss) of joint ventures accounted for using equity method	<u>105</u>	<u>-</u>	<u>(65)</u>	<u>-</u>
		<u>18,516</u>	<u>-</u>	<u>(6,253)</u>	<u>-</u>
7900	<b>Profit from continuing operations before tax</b>	388,342	7	334,736	6
7950	Less: Income tax expenses (note 6(q))	<u>153,144</u>	<u>3</u>	<u>118,824</u>	<u>2</u>
	<b>Profit</b>	<u>235,198</u>	<u>4</u>	<u>215,912</u>	<u>4</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that may not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(p))	<u>1,090</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>
		<u>1,090</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	103,820	2	(22,410)	-
8399	Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>(5,920)</u>	<u>-</u>	<u>248</u>	<u>-</u>
		<u>97,900</u>	<u>2</u>	<u>(22,162)</u>	<u>-</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>98,990</u>	<u>2</u>	<u>(29,562)</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 334,188</u>	<u>6</u>	<u>186,350</u>	<u>4</u>
	<b>Net income attributable to:</b>				
8610	Owners of the parent	\$ 94,115	1	139,464	3
8620	Non-controlling interests	<u>141,083</u>	<u>3</u>	<u>76,448</u>	<u>1</u>
		<u>\$ 235,198</u>	<u>4</u>	<u>215,912</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 167,781	3	115,125	3
8720	Non-controlling interests	<u>166,407</u>	<u>3</u>	<u>71,225</u>	<u>1</u>
		<u>\$ 334,188</u>	<u>6</u>	<u>186,350</u>	<u>4</u>
	<b>Earnings per share (note 6(s))</b>				
9750	Basic earnings per common share (NT dollars)	\$ <u>1.22</u>		\$ <u>1.80</u>	
9850	Diluted earnings per common share (NT dollars)	\$ <u>1.21</u>		\$ <u>1.80</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(expressed in thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Share capital		Retained earnings		Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements			
<b>Balance on January 1, 2021</b>	\$ 774,496	1,007,215	465,835	510,759	(213,160)	2,545,145	886,058	3,431,203
Profit	-	-	-	139,464	-	139,464	76,448	215,912
Other comprehensive income	-	-	-	(7,400)	(16,939)	(24,339)	(5,223)	(29,562)
Total comprehensive income	-	-	-	132,064	(16,939)	115,125	71,225	186,350
Appropriation and distribution of retained earnings:								
Special reserve	-	-	12,440	(12,440)	-	-	-	-
Cash dividends on ordinary share	-	-	-	(92,939)	-	(92,939)	-	(92,939)
Changes in equity of joint venture accounted for using equity method	-	523	-	-	-	523	-	523
<b>Balance on December 31, 2021</b>	774,496	1,007,738	478,275	537,444	(230,099)	2,567,854	957,283	3,525,137
Profit	-	-	-	94,115	-	94,115	141,083	235,198
Other comprehensive income	-	-	-	1,090	72,576	73,666	25,324	98,990
Total comprehensive income	-	-	-	95,205	72,576	167,781	166,407	334,188
Appropriation and distribution of retained earnings:								
Special reserve	-	-	8,856	(8,856)	-	-	-	-
Cash dividends on ordinary share	-	-	-	(116,174)	-	(116,174)	-	(116,174)
Changes in ownership interests in subsidiaries	-	215,929	-	-	-	215,929	(215,929)	-
Changes in non-controlling interests	-	-	-	-	-	-	1,458,958	1,458,958
<b>Balance on December 31, 2022</b>	\$ 774,496	1,223,667	487,131	507,619	(157,523)	2,835,390	2,366,719	5,202,109

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 388,342	334,736
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	55,028	67,033
Amortization expense	2,259	2,825
Expected credit loss	20,266	29,315
Net gain on financial assets or liabilities at fair value through profit or loss	(7,501)	-
Interest expense	24,965	24,385
Interest income	(37,245)	(10,575)
Share of (profit) loss of joint ventures accounted for using equity method	(105)	65
(Gain) loss on disposal of property, plant and equipment	(809)	16
Loss on disposal of intangible assets	1,600	-
Gain on lease modification	(2,521)	-
Provision for loss on inventory market price decline	5,494	5,088
<b>Total adjustments to reconcile profit</b>	<u>61,431</u>	<u>118,152</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes receivable	13,362	121,196
Increase in accounts receivable	(805,974)	(114,876)
Decrease in other receivable	5,978	9,975
Increase in inventories	(53,783)	(186,682)
Increase in prepayments	(134,138)	(234,560)
Increase in other current assets	(14,999)	(2,591)
Decrease (increase) in other operating assets	16,081	(24,640)
Decrease in contract liabilities	(51,102)	-
Increase in notes payable	263,510	-
Increase (decrease) in accounts payable	233,961	(56,758)
(Decrease) increase in other payable	(57,796)	64,649
Increase (decrease) in provisions	735	(100)
Increase in receipts in advance	1,201	9,525
Increase (decrease) in other current liabilities	896	(1,666)
(Decrease) increase in net defined benefit liability	(42,797)	1,133
<b>Total adjustments</b>	<u>(563,434)</u>	<u>(297,243)</u>
Cash (used in)/ generated from operations	(175,092)	37,493
Interest received	39,213	10,575
Income taxes paid	(131,712)	(166,445)
<b>Net cash flows used in operating activities</b>	<u>(267,591)</u>	<u>(118,377)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(197,603)	-
Acquisition of property, plant and equipment	(18,680)	(34,537)
Proceeds from disposal of property, plant and equipment	1,391	133
Decrease in refundable deposits	7,922	15,807
Acquisition of intangible assets	(7,694)	(2,124)
(Increase) decrease in other financial assets	(56,332)	7,209
<b>Net cash flows used in investing activities</b>	<u>(270,996)</u>	<u>(13,512)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	483,330	-
Increase (decrease) in short term loans	(674,455)	27,236
Repayments of long-term debt	(43,773)	(94,799)
Cash dividends paid	(116,174)	(92,939)
Changes in non-controlling interests	1,458,958	-
Interest paid	(24,558)	(21,839)
Payment of lease liabilities	(17,252)	(16,214)
<b>Net cash flows from (used in) financing activities</b>	<u>1,066,076</u>	<u>(198,555)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>13,217</u>	<u>(38,038)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>540,706</u>	<u>(368,482)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>842,684</u>	<u>1,211,166</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,383,390</u>	<u>842,684</u>

See accompanying notes to financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(expressed in thousands of New Taiwan Dollars, unless otherwise specified)**

**(1) Company history**

COWEALTH MEDICAL HOLDING CO., LTD. (“the Company”) was founded on November 4, 2015 in the Cayman Islands. The registered office is located at Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands with postal address P.O. Box 712, Grand Cayman, KY1-9006, Cayman Islands. The Company's main business is reinvestment of all companies under the Cowealth Group. The Company's shares have been listed and traded on the Taipei Exchange (TPEX) on January 30, 2002. The major business activities of the Company and its Subsidiary (“the Group”) are the import and export of medical equipment, reagents and spare parts. The subsidiary of the Group- Cowealth Medical China Co., Limited (CMC) finished IPO process and became a listed company at Shanghai Stock Exchange's Main-Board market on February 16, 2022. The stock is abbreviated as CMC, whose stock code is “603122”.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the board of directors on March 21, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Company attributes the profit or loss and each component of other comprehensive income 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.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Company will attribute it to the owners of the parent.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) List of subsidiaries in the consolidated financial statements

The Company and its Subsidiary in the Consolidated Financial Statements are as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Descriptions
			December 31, 2022	December 31, 2021	
The Company	Cowealth Investment Co., Limited (CIC)	General investing	100 %	100 %	
The Company	Mark Investment Co., Limited (MI)	General investing	- %	100 %	(Note 1)
The Company	Wun Wei Investment Co., Limited (WI)	General investing	100 %	100 %	
The Company	Jie Li Investment Co., Limited (JI)	General investing	100 %	100 %	
The Company	Le Li Investment Co., Limited (LI)	General investing	100 %	100 %	
The Company, CIC, MI, WI, JI and LI	Cowealth Medical Science & Biotechnology Inc. (CMSB)	Import and export business of medical equipment, reagents and spare parts	100 %	100 %	The Company (76.34%)(Note 1), Cowealth Investment (9.85%), Wun Wei Investment (4.39%), Jie Li Investment (4.67%), Le Li Investment (4.75%)
The Company	Richtek Technology Limited (RT)	Sale of medical equipment and reagents	100 %	100 %	
The Company	Cowealth Holding Co., Limited (HK)(CHC)	General investing	100 %	100 %	
CMSB	Cowealth Holding Co., Ltd.(CH)	General investing	100 %	100 %	
CH	Cowealth Investment Co. Ltd.(BVI)(CI)	General investing	- %	100 %	CI is liquidated on August 26, 2022.
CHC	Cowealth Medical China Co., Limited (CMC)	Import and export business of medical equipment, reagents and spare parts	55.00 %	73.34 %	(Note 2)
CHC	Health Space Consultation & Management (Shanghai) Co., Ltd.	Nutrition, health, social and economic consulting, etc.	100 %	100 %	
CHC	U Health Business Management (Shanghai) Co. Ltd.	Consulting business	100 %	100 %	The company was established in Shanghai on November 11, 2020. As of December 31, 2022, the company's paid in capital was CNY 0.
CMC	Colab Reserch & Development Inc.	Sale of medical equipment and reagents	100 %	100 %	
CMC	Royal Seal Holding Co., Limited	General investing and sale of medical equipment	100 %	100 %	
CMC	Coaim Information Technology Co., Ltd.	Software development, IT equipment maintenance and IT system maintenance service	100 %	100 %	Previously known as Royal Seal Medical Technology (Shanghai) Co., Limited (RSMT). Name was changed to on June 27, 2022.
CMC	Cowealth Coshine Medical Tianjin Co., Ltd.	Sale of medical equipment, reagents and spare parts	60 %	60 %	

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding		Descriptions
			December 31, 2022	December 31, 2021	
CMC	Cowealth Prosperity Medical Shandong Co., Ltd	Sale of medical equipment, reagents and spare parts	60 %	- %	The company was established in Shandong on July 4, 2022. As of December 31, 2022, the company's paid in capital was CNY 2,500,000.
CMC	Cowealth Medical Beijing Co., Ltd.	Engaged in hospital management, investment, business management, economic information consulting, etc.	100 %	- %	The company was established in Beijing on August 11, 2022. As of December 31, 2022, the company's paid in capital was CNY 1,000,000.
CMC	Cowealth Medical Guangzhou Co., Ltd.	Engaged in hospital management, investment, business management, economic information consulting, etc.	100 %	- %	The company was established in Guangzhou on August 26, 2022. As of December 31, 2022, the company's paid in capital was CNY 1,000,000.
CIT	CHM Consulting Co., Limited	Engaged in hospital management, investment, business management, economic information consulting, etc.	100 %	100 %	

Note 1: Due to internal reorganization, Mark Investment Co., Limited (MI) was liquidated on September 29, 2022, wherein its remaining assets had been returned to the Company, resulting in the shareholding of the Company in CMSB to increase from 72.71% to 76.34%.

Note 2: On February 16, 2022, Cowealth Medical China Co., Limited (CMC), was listed on the Main Board of Shanghai Stock Exchange, wherein it issued an additional shares of 99,513,200 shares, resulting in the Group's shareholding in CMC to decrease to 55%.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)



**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other asset are classified as non-current.

- (i) It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts are shown under borrowings in current liabilities in the balance sheet.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 18 months past due. (Before August 12, 2020, the Group considers a financial asset to be in default when the financial asset is more than 12 months past due).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 18 months past due. (Before August 12, 2020, a breach of contract such as a default or being more than 12 months past due);
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard.

Under the equity method, the original acquisition is recognized based on cost, and investment costs include transaction costs. The book value of the investment joint venture includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The individual financial report includes from the date of significant impact to the date of loss of significant impact. After adjustments are made for consistency with the Company’s accounting policies, the Company recognizes the amount of profits and losses of each joint venture and other comprehensive profits and losses based on the proportion of equity. When equity changes in non-profit and loss and other comprehensive gains and losses occur in the joint venture and do not affect the Company’s shareholding ratio, the Company recognizes all equity changes as capital reserve based on the shareholding ratio.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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When the Company shall recognize the loss of the joint venture on a pro rata basis equal to or exceed its equity in the joint venture, it shall stop recognizing its losses, and only within the scope of legal obligations, constructive obligations, or payments on behalf of the invested company, Recognize additional losses and related liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group's date of transition to the Standards, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5~43 years
2) Mechanical equipment	5~10 years
3) Computer communication equipment	3 years
4) Transportation Equipment	5 years
5) Office equipment	3~5 years
6) Lease improvement	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(l) Intangible assets

(i) Recognition and measurement

The Group obtains other intangible assets with limited useful life, i.e., computer software, which are measured at the cost, less accumulated amortization and accumulated impairment.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	2~8 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The provision for warranty liabilities is recognized when selling goods or services, and the provision for such liabilities is weighted based on the equipment's future warranty period.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of test reagent. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 180 days, which is consistent with the market practice.

The Group's obligation to provide a warranty for sales of medical equipment under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(n).

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The Group uses installment sales to collect payments for the sales of equipment. If the contract contains a significant financial component, the transaction price will be adjusted during the installment period according to the interest rate reflecting the customer's credit and the guarantee provided to reflect the impact of the time value of money. The financial component (unrealized interest income) is recognized as interest income using the effective interest method over time.

2) Labor services

The Group provides services such as corporate equipment maintenance, training, installation, or hospital management consulting and training, and recognizes related income during the reporting period of labor services.

Some contracts include equipment sales and installation services, and most of them are simple installations that do not include integrated services and can be performed by other parties. Therefore, they are regarded as a separate performance obligation and the transaction price is shared on the basis of the stand-alone selling price. If there is no directly observable price, the stand-alone selling price is estimated based on the expected cost plus profit, and the recognition time is the same as the aforementioned sale of goods.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(r) Government subsidy

When the group can receive the relevant government subsidy, the unconditional subsidy is recognized as other income. For other asset-related subsidies, when the Group is reasonably confident that it will comply with the conditions attached to the government subsidy and will receive the subsidy, it shall be recognized as deferred income at fair value and within the useful life of the asset. The deferred income is recognized as other income on a systematic basis. The government subsidies to compensate the expenses or losses incurred by the Group are recognized in profit and loss on a systematic basis and related expenses at the same time.

The Group can be reasonably sure that it will comply with the conditions attached to the government subsidy and will receive the subsidy, it shall be recognized at fair value. If the nature of the government subsidy is to compensate the expenses incurred by the Group, the government subsidy shall be recognized as the current profit and loss on a systematic basis during the relevant expenses.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements causes no significant effects.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Information on accounting policies involving material judgement and having significant impact on recognized amounts of the consolidated financial statement is as follows:

(a) Judgement on whether the related-party is materially impacted

The Group holds less than 20% of the voting rights of Med1 Ventures and LLC, except that the key management of the Group is the managing partner of Med 1, and participates in the financial and operating policy decisions of Med 1, and has significant influence on Med1 Ventures and LLC.

Information about assumptions and estimation uncertainties that has a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Assessment of impairment of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 199	197
Check deposits	188	16
Demand deposits	1,383,003	791,645
Time deposits	-	50,826
Cash and cash equivalents in the consolidated statement of cash flows	<b>\$ 1,383,390</b>	<b>842,684</b>

Please refer to note 6(w) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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As of December 31, 2022 and 2021, the Group's large-denomination negotiable certificates of deposit, with original maturity date of less than 3 months, pledged time deposits and pledged demand deposits amounted \$338,683 thousand and \$101,603 thousand, respectively, recognized as financial assets measured at fair value through profit or loss under current and non-current assets. Please refer to notes 6(b), 6(w) and 8.

(b) Financial assets of fair value through profit or loss

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Mandatorily measured at fair value through profit or loss :		
Current :		
Large-denomination negotiable certificates of deposit	\$ <u>44,102</u>	<u>-</u>
	<u>44,102</u>	<u>-</u>
Non-current		
Large-denomination negotiable certificates of deposit	\$ <u>136,646</u>	<u>-</u>
	<u>136,646</u>	<u>-</u>
Total	<u>\$ <u>180,748</u></u>	<u>-</u>

(i) The Group's large-denomination negotiable certificates of deposit, with maturity dates ranging from January 2024 to January 2025, have the weighted average interest rates of 3.36% to 4.00% and 0% for the years ended December 31, 2022 and 2021, respectively.

(ii) Please refer to note 6(w) for market risk information.

(iii) As of December 31, 2022 and 2021, the financial assets above were not pledged as collateral.

(c) Notes and trade receivables

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Notes receivable from non-operating activities	\$ 194,688	189,957
Trade receivables	3,007,032	2,481,420
Installment accounts receivable	565,934	267,882
Less: Loss allowance	(197,723)	(175,471)
Unrealized interest income	(26,443)	(10,739)
Discounted notes receivable	<u>(157,227)</u>	<u>(139,134)</u>
	<u>\$ <u>3,386,261</u></u>	<u>2,613,915</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,887,023	0.06%	1,876
90 days past due	299,302	0.04%	131
91~180 days past due	95,066	0.19%	185
181~365 days past due	102,443	10.00%	10,247
More than 1 year past due	200,150	92.57%	185,284
	<b>\$ 3,583,984</b>		<b>197,723</b>
	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,316,834	0.17%	3,959
90 days past due	198,644	0.14%	277
91~180 days past due	42,211	0.42%	177
181~365 days past due	49,381	6.69%	3,436
More than 1 year past due	182,316	91.94%	167,622
	<b>\$ 2,789,386</b>		<b>175,471</b>

The movement in the allowance for notes and trade receivable was as follows:

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 175,471	145,763
Impairment losses recognized	20,266	30,468
Impairment losses reversed	(174)	(139)
Foreign exchange (gain) losses	2,160	(621)
Balance at December 31	<b>\$ 197,723</b>	<b>175,471</b>

The aforementioned notes and trade receivables of the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

Due to the sales installment, the Group has estimated the annual receivable installments as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
less than one year	\$ 335,517	153,025
one to two years	218,351	95,013
two to three years	9,965	7,398
three to four years	2,101	8,297
four to five years	-	4,149
	<b>\$ 565,934</b>	<b>267,882</b>

(Continued)

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On December 31, 2022 and 2021, the Group has pledged the accounts receivable of hospitals as collateral to acquire short-term loans and the amount of the uncollected value-added tax invoice was \$164,593 thousand and \$213,824 thousand, respectively. For information on the book value of the short-term loans of \$87,990 thousand and \$174,566 thousand, please refer to note 6(l) and 8.

Notes receivable used by the Group for discounting and transferring payment were all short term bankers' acceptances given by customers. According to the FAQs whether the transfer of notes receivable from mainland China can be derecognized published by the Securities and Futures Bureau on December 26, 2018, the Group evaluated the credit rating of the acceptance bank from which it received the bankers' acceptances. The bankers' acceptances from the higher credit rating acceptance bank usually bear lower credit risk and late payment risk, and the main risk associated with these bankers' acceptances is interest rate risk. In addition, that interest rate risk has been transferred with the endorsement of the notes, which allows the Group to determine that almost all risks and rewards of ownership of the bankers' acceptances have been transferred. Therefore, when the bankers' acceptances were discounted to the bank or endorsed to suppliers, they meet the derecognition criteria and were reported as a deduction from the notes receivable.

(d) Other receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other receivables	<u>\$ 8,663</u>	<u>14,641</u>

The movement in the allowance for Other receivables were as follows:

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ -	1,161
Impairment losses recognized (reversal profit)	-	(1,153)
Foreign exchange (gain) losses	-	(8)
Balance at December 31	<u>\$ -</u>	<u>-</u>

(e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Merchandise inventory	<u>\$ 898,593</u>	<u>770,986</u>

As of December 31, 2022 and 2021, inventories recognized as cost of sales amounted to \$4,516,431 thousand and \$4,076,733 thousand.

In 2022 and 2021, the write-down of inventories amounted to \$5,494 thousand and \$5,088 thousand. The write-downs and reversals are recognized as cost of sales.

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

		<b>December 31, 2022</b>	<b>December 31, 2021</b>
Medl Ventures, LLC		<u>\$ 1,014</u>	<u>864</u>
	<b>Nature of relationship with the Group</b>	<b>Main operating location/ Registered country of the company</b>	<b>Proportion of shareholding and voting rights</b>
<u>Name of joint ventures</u>		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Medl Ventures, LLC	Medical products research and development	U.S.A	19 %      19 %

The Group's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 6,266	5,173
Current liabilities	931	626
Net assets	<u>\$ 5,335</u>	<u>4,547</u>
Carrying amount of interests in joint ventures	<u>\$ 1,014</u>	<u>864</u>
	<b>2022</b>	<b>2021</b>
Sales revenue	<u>\$ 10,251</u>	<u>7,797</u>
Net income (loss)	\$ 552	(324)
Other comprehensive income (loss)	236	(132)
Total comprehensive income(loss)	<u>\$ 788</u>	<u>(456)</u>
Net income(loss), attributable to non-controlling interests	<u>\$ 105</u>	<u>(65)</u>
Comprehensive income (loss), attributable to non-controlling interests	<u>\$ 150</u>	<u>(25)</u>

(g) Changes in a parent's ownership interest in a subsidiary

The subsidiary of the Group is now a publicly traded company, with the Group still having control over it.

The Group's significant component, Cowealth Medical China Co., Limited (CMC), has been listed on the Main Board of Shanghai Stock Exchange on February 16, 2022, with a share price of CNY4.19 per share, and stock code is 603122. Thereafter, the total number of issued shares was 398,052,633 shares, wherein the Group's shareholding in CMC decreased from 73.34% to 55%, with the Group still having control over it, resulting in an increase in the capital surplus of \$215,929 thousand, recognized as equity transaction, without having an impact on profit or loss.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cowearth Medical China Co., Limited	China	45.00 %	26.66 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Cowearth Medical China Co., Limited's collective financial information:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 6,357,717	5,103,466
Non-current assets	633,243	635,096
Current liabilities	1,642,504	2,055,519
Non-current liabilities	80,446	108,369
Net assets	<u>\$ 5,268,010</u>	<u>3,574,674</u>
Non-controlling interests	<u>\$ 2,366,719</u>	<u>957,283</u>
	<u>2022</u>	<u>2021</u>
Sales revenue	<u>\$ 5,626,019</u>	<u>5,139,603</u>
Net income	\$ 322,312	287,822
Other comprehensive income (loss)	21,035	(19,288)
Total comprehensive income	<u>\$ 343,347</u>	<u>268,534</u>
Net income, attributable to non-controlling interests	<u>\$ 141,083</u>	<u>76,734</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 166,407</u>	<u>71,225</u>

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Buildings and construction</u>	<u>Machinery equipment</u>	<u>Computer communica- -tion equipment</u>	<u>Transporta- -tion equipment</u>	<u>Office equipment</u>	<u>Leasehold improve- -ments</u>	<u>Total</u>
Cost :							
Balance at January 1, 2022	\$ 194,430	313,375	7,689	35,641	20,801	54,449	626,385
Additions	5,692	8,876	2,582	1,240	290	-	18,680
Disposal	-	(23,448)	(762)	(3,441)	(692)	-	(28,343)
Effect of movements in exchange rates	<u>2,458</u>	<u>15,786</u>	<u>91</u>	<u>391</u>	<u>216</u>	<u>642</u>	<u>19,584</u>
Balance at December 31, 2022	<u><b>\$ 202,580</b></u>	<u><b>314,589</b></u>	<u><b>9,600</b></u>	<u><b>33,831</b></u>	<u><b>20,615</b></u>	<u><b>55,091</b></u>	<u><b>636,306</b></u>
Balance at January 1, 2021	\$ 166,064	325,106	7,225	35,784	20,405	54,646	609,230
Additions	29,086	2,520	1,491	-	1,398	42	34,537
Disposal	-	(18,800)	(1,020)	-	(925)	-	(20,745)
Reclassification	-	-	26	-	-	-	26
Effect of movements in exchange rates	<u>(720)</u>	<u>4,549</u>	<u>(33)</u>	<u>(143)</u>	<u>(77)</u>	<u>(239)</u>	<u>3,337</u>
Balance at December 31, 2021	<u><b>\$ 194,430</b></u>	<u><b>313,375</b></u>	<u><b>7,689</b></u>	<u><b>35,641</b></u>	<u><b>20,801</b></u>	<u><b>54,449</b></u>	<u><b>626,385</b></u>
Accumulated depreciation :							
Balance at January 1, 2022	\$ 25,998	280,228	5,699	30,125	13,940	46,596	402,586
Depreciation for the year	4,780	20,261	1,531	3,501	2,750	2,875	35,698
Disposal	-	(23,448)	(231)	(3,441)	(641)	-	(27,761)
Effect of movements in exchange rates	<u>314</u>	<u>13,212</u>	<u>68</u>	<u>316</u>	<u>134</u>	<u>573</u>	<u>14,617</u>
Balance at December 31, 2022	<u><b>\$ 31,092</b></u>	<u><b>290,253</b></u>	<u><b>7,067</b></u>	<u><b>30,501</b></u>	<u><b>16,183</b></u>	<u><b>50,044</b></u>	<u><b>425,140</b></u>
Balance at January 1, 2021	\$ 21,903	264,692	5,809	26,293	12,199	43,736	374,632
Depreciation for the year	4,189	34,112	938	3,923	2,687	3,061	48,910
Disposal	-	(18,674)	(1,019)	-	(903)	-	(20,596)
Effect of movements in exchange rates	<u>(94)</u>	<u>98</u>	<u>(29)</u>	<u>(91)</u>	<u>(43)</u>	<u>(201)</u>	<u>(360)</u>
Balance at December 31, 2021	<u><b>\$ 25,998</b></u>	<u><b>280,228</b></u>	<u><b>5,699</b></u>	<u><b>30,125</b></u>	<u><b>13,940</b></u>	<u><b>46,596</b></u>	<u><b>402,586</b></u>
Carrying amounts :							
Balance at December 31, 2022	<u><b>\$ 171,488</b></u>	<u><b>24,336</b></u>	<u><b>2,533</b></u>	<u><b>3,330</b></u>	<u><b>4,432</b></u>	<u><b>5,047</b></u>	<u><b>211,166</b></u>
Balance at January 1, 2021	<u><b>\$ 144,161</b></u>	<u><b>60,414</b></u>	<u><b>1,416</b></u>	<u><b>9,491</b></u>	<u><b>8,206</b></u>	<u><b>10,910</b></u>	<u><b>234,598</b></u>
Balance at December 31, 2021	<u><b>\$ 168,432</b></u>	<u><b>33,147</b></u>	<u><b>1,990</b></u>	<u><b>5,516</b></u>	<u><b>6,861</b></u>	<u><b>7,853</b></u>	<u><b>223,799</b></u>

As of December 31, 2022 and 2021, the property, plant and equipment of the Group had not been pledged as collateral for long-term borrowings.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(j) Right-of-use assets

The Group leases many assets including land, buildings, office equipment and machinery equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Machinery equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 125,917	69,697	1,199	5,248	202,061
Additions	-	10,371	-	472	10,843
Lease modification	-	(21,451)	-	-	(21,451)
Effect of movements in exchange rates	<u>1,606</u>	<u>838</u>	<u>15</u>	<u>65</u>	<u>2,524</u>
Balance at December 31, 2022	<u>\$ 127,523</u>	<u>59,455</u>	<u>1,214</u>	<u>5,785</u>	<u>193,977</u>
Balance at January 1, 2021	\$ 126,517	61,191	-	-	187,708
Additions	-	9,494	1,196	5,236	15,926
Disposal	-	(1,851)	-	-	(1,851)
Lease modification	-	1,097	-	-	1,097
Effect of movements in exchange rates	<u>(600)</u>	<u>(234)</u>	<u>3</u>	<u>12</u>	<u>(819)</u>
Balance at December 31, 2021	<u>\$ 125,917</u>	<u>69,697</u>	<u>1,199</u>	<u>5,248</u>	<u>202,061</u>
Accumulated depreciation:					
Balance at January 1, 2022	\$ 9,351	28,640	598	1,639	40,228
Depreciation for the year	3,188	14,007	545	1,590	19,330
Lease modification	-	(19,119)	-	-	(19,119)
Effect of movements in exchange rates	<u>107</u>	<u>340</u>	<u>5</u>	<u>14</u>	<u>466</u>
Balance at December 31, 2022	<u>\$ 12,646</u>	<u>23,868</u>	<u>1,148</u>	<u>3,243</u>	<u>40,905</u>
Balance at January 1, 2021	\$ 6,244	17,790	-	-	24,034
Depreciation for the year	3,129	12,761	597	1,636	18,123
Disposal	-	(1,851)	-	-	(1,851)
Effect of movements in exchange rates	<u>(22)</u>	<u>(60)</u>	<u>1</u>	<u>3</u>	<u>(78)</u>
Balance at December 31, 2021	<u>\$ 9,351</u>	<u>28,640</u>	<u>598</u>	<u>1,639</u>	<u>40,228</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 114,877</u>	<u>35,587</u>	<u>66</u>	<u>2,542</u>	<u>153,072</u>
Balance at January 1, 2021	<u>\$ 120,273</u>	<u>43,401</u>	<u>-</u>	<u>-</u>	<u>163,674</u>
Balance at December 31, 2021	<u>\$ 116,566</u>	<u>41,057</u>	<u>601</u>	<u>3,609</u>	<u>161,833</u>

The leased land is recognized when the Group purchased offices and warehouses in China. The lease period of the land is from 2011 to 2054.

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(k) Intangible assets

The cost and accumulated amortization of the intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Software</u>
Costs:	
Balance at January 1, 2022	\$ 55,458
Additions	7,694
Disposals	(39,055)
Effect of movements in exchange rates	845
Balance at December 31, 2022	<u>\$ 24,942</u>
Balance at January 1, 2021	\$ 53,584
Additions	2,124
Effect of movements in exchange rates	(250)
Balance at December 31, 2021	<u>\$ 55,458</u>
Accumulated amortization:	
Balance at January 1, 2022	\$ 51,366
Amortization for the year	2,259
Disposals	(37,455)
Effect of movements in exchange rates	790
Balance at December 31, 2022	<u>\$ 16,960</u>
Balance at January 1, 2021	\$ 48,766
Amortization for the year	2,825
Effect of movements in exchange rates	(225)
Balance at December 31, 2021	<u>\$ 51,366</u>
Carrying value :	
Balance at December 31, 2022	<u>\$ 7,982</u>
Balance at January 1, 2021	<u>\$ 4,818</u>
Balance at December 31, 2021	<u>\$ 4,092</u>

(l) Short-term loans

The details of short-term loans of the Group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loans	\$ -	129,818
Secured bank loans	565,720	614,346
Total	<u>\$ 565,720</u>	<u>744,164</u>
Unused credit lines	<u>\$ 2,192,324</u>	<u>1,743,580</u>
Interest rate range	<u>1.85%~5.98%</u>	<u>1.40%~4.35%</u>

For the details of the Group's pledged assets as collateral for bank loans, please refer to note 8.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (m) Long-term loans

The terms and conditions of the loans of the Group are as follows:

<u>Name of lender</u>	<u>Contract period</u>	<u>Collateral</u>	<u>Other important restrictions</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan					
CTBC Bank	2020.7.28~2022.7.28	Fixed deposit	Interest and principal paid per installment.	-	15,620
CTBC Bank	2020.10.16~2022.10.14	Fixed deposit	Interest and principal paid per installment. Foreign deposit loan: US\$1,122 thousand.	-	31,075
CTBC Bank	2022.12.28~2025.12.24	Fixed deposit	Interest and principal paid per installment. Foreign deposit loan:US\$925 thousand	28,343	-
Cathay United Bank	2021.9.22~2024.6.22	Fixed deposit	Interest and principal paid per installment. Foreign deposit loan:US\$2,350 thousand	57,604	65,087
Subtotal				<u>85,947</u>	<u>111,782</u>
Other loans					
CIFSC	2020.3.17~2022.3.17	Refundable Deposit	Interest and principal paid per installment. Foreign deposit loan:US\$88 thousand	-	2,424
CIFSC	2019.3.25~2022.3.25	Refundable Deposit	Interest and principal paid per installment. Foreign deposit loan:US\$193 thousand	-	5,345
Subtotal				<u>-</u>	<u>7,769</u>
				85,947	119,551
Subtract: Due within one year				<u>(38,250)</u>	<u>(67,482)</u>
Total				<u>\$ 47,697</u>	<u>52,069</u>
Unused quotas				<u>\$ 57,451</u>	<u>-</u>
Interest rate range					
Bank loans				<u>6.35%~6.41%</u>	<u>1.61%~1.79%</u>
Other loans				<u>-</u>	<u>0.79%~1.04%</u>

Please refer to Note 8 for details of the Group's pledged assets as collateral for bank borrowings.

## (n) Provisions-current

	<u>Warranty</u>
Balance at January 1, 2022	\$ 2,112
Provisions made during the year	2,497
Provisions used during the year	(1,791)
Effect of movements in exchange rate	<u>29</u>
Balance at December 31, 2022	<u>\$ 2,847</u>

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<u>Warranty</u>
Balance at January 1, 2021	\$ 2,212
Provisions made during the year	616
Provisions used during the year	(711)
Effect of movements in exchange rate	<u>(5)</u>
Balance at December 31, 2021	<u>\$ 2,112</u>

The provision for warranties relates mainly to equipment sold during for the years ended December 31, 2022 and 2021. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next business cycle.

(o) Lease liabilities

The lease liabilities of the Group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ <u>15,310</u>	<u>14,145</u>
Non-current	\$ <u>25,716</u>	<u>35,478</u>

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss are as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ <u>2,048</u>	<u>2,449</u>
Expenses relating to short-term leases	\$ <u>15,011</u>	<u>1,951</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>4</u>	<u>24</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>32,267</u>	<u>18,189</u>

(i) Land and real estate leases

The Group leases land and buildings for its office space and warehouse. The leases of office space typically run for a period of 35 to 43 years for land, 2 to 6 years for office space and 2 to 8 years for warehouse. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Group also leases machinery and vehicles with lease terms of 1 to 3 years. These leases are short-term and leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations	\$ -	43,887
Fair value of plan assets	-	-
Net defined benefit liabilities	<u>\$ -</u>	<u>43,887</u>

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. On September 7, 2018, the Group has paid the remaining balance of labor pension fund at Bank of Taiwan. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of defined benefit obligations:

As of December 31, 2022 and 2021, the movements in present value of defined benefit obligations for the Group are as follows:

	<b>2022</b>	<b>2021</b>
Defined benefit obligations at January 1	\$ 43,887	35,354
Current service costs and interest costs	81	1,133
Remeasurements of defined benefit liability (asset)		
— Actuarial (gain) loss arising from experience adjustment	(1,090)	7,400
Benefits paid	(42,878)	-
Defined benefit obligations at December 31	<u>\$ -</u>	<u>43,887</u>

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss for the year ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current service cost	\$ -	1,000
Net interest of net defined benefit liabilities	<u>81</u>	<u>133</u>
	<u>\$ 81</u>	<u>1,133</u>
Administrative expenses	<u>\$ 81</u>	<u>1,133</u>

4) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liabilities recognized in other comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
Accumulated amount at January 1	\$ 56,935	49,535
Recognized during the period	<u>(1,090)</u>	<u>7,400</u>
Accumulated amount at December 31	<u>\$ 55,845</u>	<u>56,935</u>

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date are as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Discount rate	- %	0.375 %
Future salary increasing rate	- %	4.000 %

The weighted average lifetime of the defined benefit plans for the years ended December 31, 2022 and 2021 are nil.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the effects of changes in major actuarial assumption adopted to defined benefit obligation are as follows:

	<b>Impact to defined benefit obligations</b>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2022		
Discount rate (0% Change)	\$ -	-
Future salary increasing rate (0% Change)	-	-
December 31, 2021		
Discount rate (0.375% Change)	-	-
Future salary increasing rate (4% Change)	-	-

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The sensitivity analysis above is based on the analysis for single assumption change effects while other assumptions remain constant. In practice, many changes in assumptions are related. Sensitivity analysis method is in accordance with the method for calculating net defined benefit liability on balance sheet.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the year 2022 and 2021.

(ii) Defined contribution plans

For the years ended December 31, 2022 and 2021, the Group's pension expenses under defined contribution plan were \$41,816 thousand and \$26,988 thousand respectively. Besides, the Group has provided additional contributions for employees that met the requirements for pension plan. Under the plan, the Group sets aside a fixed amount to the reserved account without additional legal or constructive obligations. For the years ended December 31, 2022 and 2021, the additional pension fund was \$9,527 thousand and \$8,979 thousand respectively.

(q) Income tax

(i) Income tax expense

- 1) For the years ended December 31, 2022 and 2021, the components of income tax expense are as follows:

	<u>2022</u>	<u>2021</u>
Current income tax expense	\$ 190,355	134,469
Deferred income tax benefit	(37,211)	(15,645)
Total income tax expense	<u>\$ 153,144</u>	<u>118,824</u>

- 2) For the years ended December 31, 2022 and 2021, the details of the income tax benefit (expense) recognized in other comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (5,920)</u>	<u>248</u>

- 3) The Group's reconciliations of tax expenses and profit before tax for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Profit excluding income tax	\$ 111,253	92,659
Change in provision in prior periods	19,129	(268)
Change in unrecognized temporary differences	943	(4,808)
Adjustment due to changes in income tax law	3,319	10,073
Income tax on foreign investments	18,528	22,113
Others	(28)	(945)
Income tax expense	<u>\$ 153,144</u>	<u>118,824</u>

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
The carryforward of unused tax losses	\$ 25,751	25,625
Tax effect of deductible Temporary Differences	-	1,534
	<b>\$ 25,751</b>	<b>27,159</b>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

The P.R.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five years for local tax reporting purposes.

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2016	\$ 14,443	2026
2017	43,319	2027
2019	34,807	2024 to 2029
2020	55,709	2025 to 2030
2021	67,722	2026 to 2031
2022	11,900	2027
	<b>\$ 227,900</b>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	<b>Net investment income recognized under equity method</b>	<b>Unrealized exchange gain or loss</b>	<b>Others</b>	<b>Total</b>
Deferred Tax Liabilities:				
Balance at January 1, 2022	\$ -	(1,899)	(23,016)	(24,915)
Recognized in profit or loss	-	1,899	15,732	17,631
Foreign currency translation differences for foreign operations	-	-	(323)	(323)
December 31, 2022	<b>\$ -</b>	<b>-</b>	<b>(7,607)</b>	<b>(7,607)</b>

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	Net investment income recognized under equity method	Unrealized exchange gain or loss	Others	Total
Balance at January 1, 2021	\$ (1,837)	(1,438)	(10,830)	(14,105)
Recognized in profit or loss	1,824	(461)	(12,201)	(10,838)
Foreign currency translation differences for foreign operations	13	-	15	28
December 31, 2021	<u>\$ -</u>	<u>(1,899)</u>	<u>(23,016)</u>	<u>(24,915)</u>

	Exchange differences on translation of foreign financial statements	Allowance for bad and doubtful debts	Reserve for estimated warranty liabilities	Allowance for inventory valuation and obsolescence losses	Loss Offset	Others	Total
Deferred Tax Assets:							
Balance at January 1, 2022	\$ 12,468	43,868	123	5,739	21,014	51,058	134,270
Recognized in profit or loss	-	5,023	431	135	6,650	7,341	19,580
Recognized in other comprehensive income	(5,920)	-	-	-	-	-	(5,920)
Foreign currency translation differences for foreign operations	-	540	(1)	56	42	(5,705)	(5,068)
December 31, 2022	<u>\$ 6,548</u>	<u>49,431</u>	<u>553</u>	<u>5,930</u>	<u>27,706</u>	<u>52,694</u>	<u>142,862</u>
Balance at January 1, 2021	\$ 12,220	36,441	231	4,686	11,959	40,816	106,353
Recognized in profit or loss	-	7,582	(108)	1,067	9,064	8,878	26,483
Recognized in other comprehensive income	248	-	-	-	-	-	248
Foreign currency translation differences for foreign operations	-	(155)	-	(14)	(9)	1,364	1,186
December 31, 2021	<u>\$ 12,468</u>	<u>43,868</u>	<u>123</u>	<u>5,739</u>	<u>21,014</u>	<u>51,058</u>	<u>134,270</u>

(r) Capital and other equity

As of December 31, 2022 and 2021, the number of authorized ordinary shares of the Company were \$1,575,000 thousand, consisting of 157,500 thousand shares, with par value of \$10 per share. Issued shares of both years were 77,450 thousand ordinary shares. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

(in thousands of shares)

	Ordinary Shares	
	2022	2021
Balance at December 31 January 1	<u>77,450</u>	<u>77,450</u>

(i) Ordinary shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares of the Company were \$1,575,000 thousand, consisting of 157,500 thousand shares, with par value of \$10 per share. Issued shares of both years were 77,450 thousand ordinary shares. All issued shares were paid up upon issuance.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Capital surplus

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid in capital	\$ 451,062	451,062
Employee share options	6,060	6,060
Expired stock warrants	17,268	17,268
Changes in equity of joint venture accounted for using equity method	523	523
Changes in ownership interests in subsidiaries	748,754	532,825
	<b><u>\$ 1,223,667</u></b>	<b><u>1,007,738</u></b>

On February 2022, Cowealth Medical China Co., Limited (CMC), has been listed on the Main Board of Shanghai Stock Exchange, resulting in an increase in capital surplus of \$215,929 thousand. Please refer to notes 6(g) for information.

(iii) Retained earnings

1) Special reserve

The Company's article of incorporation stipulates that Company's annual net income and offset its losses in previous years that have not been previously offset, then set aside a special capital reserve at 10% of the profits left over, until the accumulated special capital reserve has equaled the total capital of the Company.

By choosing to apply exemptions granted under IFRS 1 "First time Adoption of International Financial Reporting Standards" during the Company's first time adoption of the IFRSs endorsed by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to regulations, the increase in retained earnings amounted to \$59,260 thousand. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. As of December 31, 2022 and 2021, the carrying amount of special earnings reserve were both \$59,260 thousand, respectively.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special earnings reserve resulting from the first time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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2) Earnings distribution

Earnings distribution for 2021 and 2020 were decided via the general meeting of shareholders held on May 12, 2022 and July 1, 2021 respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Amount</u>	<u>Amount per share</u>	<u>Amount</u>
Cash dividends	\$ 1.50	<u>116,174</u>	1.20	<u>92,939</u>

The amount of cash dividends on appropriations of earnings for 2022 is proposed during the Board meeting on March 21, 2023, as follows:

	<u>2022</u>	
	<u>Amount per share</u>	<u>Amount</u>
Cash	\$ 1.60	<u>123,919</u>

(iv) Other equity (net of tax)

	<u>Exchange differences on translation of foreign financial statements</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance at January 1	\$ (230,099)	(213,160)
Exchange differences on translation of net assets of foreign operations	<u>72,576</u>	<u>(16,939)</u>
End balance at December 31	<u>\$ (157,523)</u>	<u>(230,099)</u>

(s) Earnings per share

(i) Basic earnings per share

	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 94,115</u>	<u>139,464</u>
Weighted average number of ordinary shares	<u>77,450</u>	<u>77,450</u>
Basic earnings per share (NT dollars)	<u>\$ 1.22</u>	<u>1.80</u>

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Diluted earnings per share

## 1) Weighted average number of ordinary shares (thousand shares)

	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares (diluted shares equals to basic shares)	<u>77,450</u>	<u>77,450</u>
Effect of employee share bonus	<u>40</u>	<u>54</u>
Weighted average number of ordinary shares (diluted) at December 31	<u>77,490</u>	<u>77,504</u>

## 2) Diluted earnings per share

	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 94,115</u>	<u>139,464</u>
Weighted average number of ordinary shares (diluted)	<u>77,490</u>	<u>77,504</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.21</u>	<u>1.80</u>

For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

## (t) Revenue from contracts with customers

## (i) Type of revenue

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Main product/service line:		
Sale of goods	\$ 5,500,686	4,993,200
Maintenance revenue	104,871	113,996
Service revenue	<u>20,810</u>	<u>32,552</u>
	<u>\$ 5,626,367</u>	<u>5,139,748</u>
Timing of revenue recognition:		
Goods transferred at a point in time	\$ 5,500,686	4,848,047
Services transferred over time	<u>125,681</u>	<u>291,701</u>
	<u>\$ 5,626,367</u>	<u>5,139,748</u>

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable and accounts receivable	\$ 3,583,984	2,789,386	2,796,466
Less: Loss allowance	<u>(197,723)</u>	<u>(175,471)</u>	<u>(145,763)</u>
Total	<b><u>\$ 3,386,261</u></b>	<b><u>2,613,915</u></b>	<b><u>2,650,703</u></b>
Contract liabilities	<b><u>\$ 4,561</u></b>	<b><u>55,663</u></b>	<b><u>48,951</u></b>

Please refer to Note 6(c) for the disclosure of notes and accounts receivable and their loss allowance.

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$53,674 thousand and \$44,883 thousand, respectively.

(u) Employee and director benefits

According to the Company's articles of charter, if there is a profit in the year, no less than 1% shall be allocated for employee benefit and no more than 3% for directors' benefits. However, when the Company still has accumulated losses, it shall retain the compensation amount in advance. The employee benefit in the preceding paragraph may include employees of affiliated companies who meet certain conditions for the payment of stocks or cash.

The estimated amount of employee benefit of the Company for the years ended December 31, 2022 and 2021 is \$992 thousand and \$1,453 thousand, and the estimated amount of directors' benefits is \$2,976 thousand and \$4,358 thousand, which is based on the Company's net income before tax for each period. The amount before deduction of employee and director benefits multiplied by the number of employee and director benefits as stipulated in the Company's articles of association is the basis for estimation and is reported as operating expenses for the years ended December 31, 2022 and 2021. There is no difference between the amount of benefits for employee and director distributed by the Board of Directors and the amount estimated in the company's 2022 and 2021 consolidated reports. Relevant information can be found at the Market Observation Post System.

(v) Government Grants

For the years ended December 31, 2022 and 2021, the Group received the following subsidies denominated in CNY from Pudong New District and Xuhui District in Shanghai, China, respectively:

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	(In Thousand)	
	<u>2022</u>	<u>2021</u>
Financial support from Government of Pudong New District in Shanghai, China	\$ 5,878	6,200
Listing subsidy from Government of Pudong New District in Shanghai, China	1,100	1,800
Training subsidy from Government of Pudong New District in Shanghai, China	-	46
Special fund for enterprise development from Government of Xuhui District in Shanghai, China	620	350
Special fund for interest and expense subsidy from Government of Xuhui District in Shanghai, China	-	43
Reward for multinational companies from Government of Shanghai, China	<u>3,200</u>	<u>-</u>
Total amount in CNY	<u>\$ 10,798</u>	<u>8,439</u>
Converted to NTD	<u>\$ 47,689</u>	<u>36,572</u>
Subsidy for economic impact on operation from Ministry of Economic Affairs	<u>-</u>	<u>760</u>
Total	<u><u>47,689</u></u>	<u><u>37,332</u></u>

Based on the nature of the subsidies, the Group accounted above subsidies in other income and as deductions of operating expenses.

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Group has a large customer base scattered in different geographical areas, most of which are public hospitals of a certain scale in the local area, the credit risk of accounts receivable is not likely to be significantly concentrated. To minimize credit risk, the Group regularly and continuously evaluates the financial position of customers.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(c). Other financial assets at amortized cost is other receivables.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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All financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses (regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)). For the years ended December 31, 2022 and 2021, the changes in the allowance loss of other receivables please refer to note 6(d).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 565,720	569,447	569,447	-	-
Notes payables	263,510	263,510	263,510	-	-
Accounts payables	789,194	789,194	789,194	-	-
Other payables	199,424	199,424	199,424	-	-
Lease liabilities	41,026	43,521	16,744	26,777	-
Long-term borrowings, current portion	38,250	39,370	39,370	-	-
Long-term borrowings	<u>47,697</u>	<u>54,389</u>	<u>4,868</u>	<u>49,521</u>	<u>-</u>
	<u><b>\$ 1,944,821</b></u>	<u><b>1,958,855</b></u>	<u><b>1,882,557</b></u>	<u><b>76,298</b></u>	<u><b>-</b></u>
<b>December 31, 2021</b>					
Short-term borrowings	\$ 744,164	748,199	748,199	-	-
Accounts payables	555,233	555,233	555,233	-	-
Other payables	258,838	258,838	258,838	-	-
Lease liabilities	49,623	59,897	18,070	41,827	-
Long-term borrowings, current portion	67,482	68,000	68,000	-	-
Long-term borrowings	<u>52,069</u>	<u>53,761</u>	<u>896</u>	<u>52,865</u>	<u>-</u>
	<u><b>\$ 1,727,409</b></u>	<u><b>1,743,928</b></u>	<u><b>1,649,236</b></u>	<u><b>94,692</b></u>	<u><b>-</b></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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## (iii) Currency risk

## 1) Exposure to foreign currency risk

The Group's financial assets and liabilities exposure to significant foreign currency risk were as follows:

Unit: in thousands

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 277	30.6406	8,472	2,710	27.6964	75,062
CNY	762,240	4.3995	3,347,985	609,574	4.3441	2,648,047
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	8,141	30.6406	249,415	9,812	27.6964	271,736
CNY	241,531	4.3995	1,062,616	267,043	4.3441	1,162,674

## 2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables etc., resulting in foreign currency exchange gains and losses during conversion. For the years ended December 31, 2022 and 2021, a strengthening (weakening) of 5% of the NTD against the USD, CNY, and HKD. While the analysis assumes that all other variables remain constant, the net profit after tax for the years ended December 31, 2022 and 2021 will decrease or increase by \$74,997 thousand and \$47,433 thousand respectively. The analysis is performed on the same basis for year 2021.

## 3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$1,373 thousand loss and \$1,590 thousand loss respectively.

## (iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%'s net income would have increased / decreased by \$870 thousand and \$1,050 thousand, for the year ended December 31, 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the changes in the interest rate of the Group's floating rate borrowings.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	<b>December 31, 2022</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets measured at fair value through profit or loss	\$ 180,748	-	180,748	-	180,748
Financial assets measured at amortized cost					
Cash and cash equivalents	1,383,390	-	-	-	-
Notes and accounts receivables	3,386,261	-	-	-	-
Other receivables	8,663	-	-	-	-
Other current assets (restricted assets)	157,935	-	-	-	-
Subtotal	4,936,249	-	-	-	-
Total	<b>\$ 5,116,997</b>	<b>-</b>	<b>180,748</b>	<b>-</b>	<b>180,748</b>

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 842,684	-	-	-	-
Notes and accounts receivables	2,613,915	-	-	-	-
Other receivables	14,641	-	-	-	-
Other current assets (restricted assets)	79,217	-	-	-	-
Other non-current assets (restricted assets)	22,386	-	-	-	-
Total	<u>\$ 3,572,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date, including market information available at the date of the consolidated balance sheet (eg, Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. This framework is implemented by a dedicated department to coordinate the use and operation of various financial instruments. All financial proposals and activities need to be reviewed by the appropriate level of authority in accordance with internal control procedures, and major financial proposals and activities need to be approved by the Board of Directors before being implemented.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, other receivables and bank deposits.

1) Trade receivables and other receivables

The Group's credit risk exposure is mainly affected by the individual conditions of each customer. In order to reduce the credit risk of accounts receivable, the Group needs to evaluate the financial status of the customer before signing a contract with a new customer to determine reasonable credit conditions. During the execution of the contract, the Group regularly and continuously evaluates the financial status of each client and the possibility of recovery of accounts receivable, and assesses and sets appropriate allowances for bad debts individually or in combination according to the possibility of recovery. The Group's accounts receivable cover many customers, scattered in different geographical areas, mostly local public hospitals of a certain size, with good profit and credit records in the past, and the Group did not suffer significant credit risk loss from these customers during the reporting period.

2) Bank deposits

The credit risk of bank deposits is measured and monitored by the financial department of the Group. Since the Group's transaction partners and the performing parties are banks with good credit, there is no major performance concerns, so there is no major credit risk.

3) Guarantees

For the years ended December 31, 2022 and 2021, the Group had no other guarantees were outstanding.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(iv) Liquidity risk

Liquidity risk refers to the risk that the Group cannot deliver cash or other financial assets to pay off financial liabilities and fails to perform related obligations. The Group's capital and working capital are sufficient to meet all contractual obligations, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

The Group manages and maintains sufficient cash and cash equivalents to meet the needs of the Group's operations and reduce the impact of cash flow fluctuations. The Group's management personnel monitor the use of bank financing lines and ensure compliance with the terms of the loan contract. For the years ended December 31, 2022 and 2021, the Group's unused short-term bank financing lines are \$2,192,324 thousand and \$1,743,580 thousand respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, USD, and CNY. The currencies used in these transactions are the NTD, USD, and CNY. In general, the currency of the Group's borrowing is the same as the currency of the cash flow generated by the operation of the Group, mainly CNY and NTD. In this case, it provides an economic hedging effect without the need to sign derivatives. Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the combined company buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

2) Interest rate risk

The Group reasonably controls interest rate risk by negotiating reasonable interest rate levels with correspondent banks and borrowings portfolio with balancing fixed and floating interest rate.

(y) Capital management

The Company's Board of Directors regularly reviews the capital structure and considers the costs and risks that may be involved in different capital structures.

The capital management policy of the Board of Directors is to maintain a sound capital base. Before ensuring that the Group continues to operate and grow, it optimizes the balance of debt and equity to maintain the confidence of investors, creditors and the market and support future operations. Develop and provide shareholders with reasonable benefits.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(z) Investing and financing activities not affecting current cash flow

(i) For right-of-use assets under leases, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2022	Cash flows	Non-cash changes		December 31, 2022
			Foreign exchange movement	Others	
Long-term borrowings (includes long term borrowings, current portion)	\$ 119,551	(43,773)	10,169	-	85,947
Short-term borrowings	744,164	(191,125)	12,681	-	565,720
Lease liabilities	49,623	(17,252)	617	8,038	41,026
Total liabilities from financing activities	<u>\$ 913,338</u>	<u>(252,150)</u>	<u>23,467</u>	<u>8,038</u>	<u>692,693</u>

	January 1,2021	Cash flows	Non-cash changes		December 31, 2021
			Foreign exchange movement	Others	
Long-term borrowings (includes long-term borrowings, current portion)	\$ 218,045	(94,799)	(3,695)	-	119,551
Short-term borrowings	720,246	27,236	(3,318)	-	744,164
Lease liabilities	46,428	(16,214)	(62)	19,471	49,623
Total liabilities from financing activities	<u>\$ 984,719</u>	<u>(83,777)</u>	<u>(7,075)</u>	<u>19,471</u>	<u>913,338</u>

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling company

The Company is the ultimate controller of the Group.

(b) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Brimming Food Ltd, Co.	The entity's director is the second immediate family of the general manager of the Company.
Lifessence Media Group (shanghai) Co., Ltd.	The entity's director is the first immediate family of the chairman of the Company.
Winning Food Ltd, Co.	The entity's director is the first immediate family of the chairman of the Company.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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<u>Name of related party</u>	<u>Relationship with the Group</u>
BeneLife Management Limited	The entity's chairman is director of the Group.
Chang Gung University of Science and Technology	The director of the Group serves as the president of the college.
Chinese Health&Medical Association	The chairman and director of the Company serve as the directors of the association.

(c) Significant transactions with related parties

(i) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables	Other related parties	\$ <u>38</u>	<u>167</u>

Rental fee for warehouse of related parties.

(ii) Prepayments

The prepayments from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments	Other related parties	\$ <u>1,497</u>	<u>3,582</u>

Prepayments for gifts in the festival activity and industry academia cooperation.

(iii) Payables to related parties

The payable from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables	Other related parties	\$ <u>196</u>	<u>217</u>

(iv) Operating expenses

The breakdown of the Group's operating expenses were as follows:

<u>Account</u>	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
Operating expenses	Other related parties	\$ <u>10,871</u>	<u>4,696</u>

Miscellaneous expense, utilities expense and donations.

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(v) Other revenue

The significant sales amount of the Company to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
Other revenue	Other related parties	\$ <u>1,396</u>	<u>1,345</u>

Cowealth Medical China Co., Limited leased its offices to BeneLife Management Limited, Lifessence Media Group (shanghai) Co., Ltd. and Brimming Food Ltd, Co. The rental price varies according to the size of the square meters, and is subject to the rental agreement.

(vi) Lease

The Group leased the warehouse from Winning Food Ltd, Co. for two to three years in 2022 and 2021, with reference to the rental rate of the nearby warehouses, and obtained the right-to-use assets with a total value of \$6,293 thousand. For the years ended December 31, 2022 and 2021, the interest expense on lease liabilities amounted to \$210 thousand and \$161 thousand, and the depreciation expense of right-of-use assets amounted to \$2,227 thousand and \$1,455 thousand. As of December 31, 2022 and December 31, 2021, the balance of right-of-use assets amounted to \$2,968 thousand and \$5,099 thousand, the balance of the lease liabilities amounted to \$3,055 thousand and \$5,199 thousand.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 57,365	55,462
Post-employment benefits	6,176	5,992
	\$ <u>63,541</u>	<u>61,454</u>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed deposits and reserved saving account (Other current and non-current assets)	Short-term and long- term loans	\$ 101,533	97,935
Fixed deposits (Other current assets)	Performance bond	3,668	3,668
Accounts receivable	Short-term loans	164,593	213,824
Refundable deposit (Other non-current assets)	Long-term loans	-	11,079
Reserved savings (Other current assets)	Performance bond	52,734	-
		\$ <u>322,528</u>	<u>326,506</u>

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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**(9) Significant commitments and contingencies:**

(a) Unrecognized contractual commitments

- (i) For the years ended December 31, 2022 and 2021, the Group provided guarantees for bank credit line, issuing promissory notes or providing bill endorsements amounting to \$1,701,400 thousand and \$1,324,724 thousand, respectively.
- (ii) For the years ended December 31, 2022 and 2021, the Group entered into a contract to purchase equipment. The Company is liable to the purchase commitment amounting to \$191,504 thousand and \$173,103 thousand for the years ended 2022 and 2021. The prepaid amount for this contract amounted to \$12,256 thousand and \$11,079 thousand, respectively.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other:**

- (a) A summary of employee benefits, depreciation expense, and amortization expense, by function, is as follows:

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		21,578	350,373	371,951	5,271	315,208	320,479
Labor and health insurance		-	2,387	2,387	-	2,163	2,163
Pension		3,325	48,099	51,424	852	36,248	37,100
Others		2,833	72,842	75,675	751	75,346	76,097
Depreciation expense		18,888	36,140	55,028	35,269	31,764	67,033
Amortization expense		-	2,259	2,259	-	2,825	2,825

- (b) Donation:

For the years ended December 31, 2022 and 2021, the Group donated \$8,582 thousand and \$22,915 thousand, respectively, to academic institutions and hospitals for teaching and research, prevention of COVID, and other projects.

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
**Notes to Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

## (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (note 1)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 3-6)	Maximum limit of fund financing (note 3-6)
													Item	Value		
0	Cowealth Medical Holding Co., Ltd.	Cowealth Holding Co., Limited (HK)	Other receivables related parties	Yes	158,975	-	-	- %	2	-	Operational capital	-	-	-	1,134,156	1,134,156
1	Richtek Technology Limited	Cowealth Holding Co., Limited (HK)	Other receivables related parties	Yes	55,771	-	-	- %	2	-	Operational capital	-	-	-	12,891	64,453
1	Richtek Technology Limited	Cowealth Medical Holding Co., Ltd.	Other receivables related parties	Yes	89,543	43,995	-	- %	2	-	Operational capital	-	-	-	64,453	64,453
2	Cowealth Medical Science & Biotechnology Inc.	Cowealth Holding Co., Ltd.	Other receivables related parties	Yes	34,919	6,336	6,336	2.625 %	2	-	Operational capital	-	-	-	76,860	76,860
2	Cowealth Medical Science & Biotechnology Inc.	Cowealth Holding Co., Limited (HK)	Other receivables related parties	Yes	35,826	35,196	12,319	2.625 %	2	-	Operational capital	-	-	-	76,860	76,860
3	Cowealth Investment Co. Ltd.(BVI)	Cowealth Medical Holding Co., Ltd.	Other receivables related parties	Yes	119,815	-	-	- %	2	-	Operational capital	-	-	-	-	-
3	Cowealth Investment Co. Ltd.(BVI)	Cowealth Holding Co., Limited (HK)	Other receivables related parties	Yes	119,675	-	-	- %	2	-	Operational capital	-	-	-	-	-
3	Cowealth Investment Co. Ltd.(BVI)	Cowealth Holding Co., Ltd.	Other receivables related parties	Yes	97,691	-	-	- %	2	-	Operational capital	-	-	-	-	-
4	Cowealth Holding Co., Ltd.	Cowealth Medical Holding Co., Ltd.	Other receivables related parties	Yes	155,272	155,272	111,277	2.625 %	2	-	Operational capital	-	-	-	1,346,141	1,346,141
4	Cowealth Holding Co., Ltd.	Cowealth Holding Co., Limited (HK)	Other receivables related parties	Yes	255,171	255,171	70,674	2.625 %	2	-	Operational capital	-	-	-	269,228	1,346,141
4	Cowealth Holding Co., Ltd.	Richtek Technology Limited	Other receivables related parties	Yes	67,175	65,993	-	- %	2	-	Operational capital	-	-	-	269,228	1,346,141
5	Colab Reserch & Development Inc.	Cowealth Medical China Co., Limited	Other receivables related parties	Yes	34,996	30,797	-	- %	2	-	Operational capital	-	-	-	50,381	50,381
6	CHM Consulting Co., Ltd.	Cowealth Medical China Co., Limited	Other receivables related parties	Yes	10,801	10,559	10,559	4.350 %	2	-	Operational capital	-	-	-	19,527	19,527
6	CHM Consulting Co., Ltd.	Colab Reserch & Development Inc.	Other receivables related parties	Yes	45,005	43,995	30,797	4.350 %	2	-	Operational capital	-	-	-	97,637	488,184
7	Cowealth Medical China Co., Limited	Coaim Information Technology Co., Ltd.	Other receivables related parties	Yes	180,020	175,980	-	- %	2	-	Operational capital	-	-	-	2,105,742	2,105,742

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (note 1)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 3-6)	Maximum limit of fund financing (note 3-6)
													Item	Value		
7	Cowealth Medical China Co., Limited	Colab Reserch & Developme nt Inc.	Other receivables related parties	Yes	180,020	175,980	76,991	4.350 %	2	-	Operational capital	-	-	-	2,105,742	2,105,742
7	Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	Other receivables related parties	Yes	180,020	175,980	-	- %	2	-	Operational capital	-	-	-	2,105,742	2,105,742
7	Cowealth Medical China Co., Limited	CHM Consulting Co., Ltd.	Other receivables related parties	Yes	45,005	43,995	-	- %	2	-	Operational capital	-	-	-	2,105,742	2,105,742
7	Cowealth Medical China Co., Limited	Cowealth Medical Beijing Co., Ltd.	Other receivables related parties	Yes	43,995	43,995	8,799	4.350 %	2	-	Operational capital	-	-	-	2,105,742	2,105,742
7	Cowealth Medical China Co., Limited	Cowealth Medical Guangzhou Co., Ltd.	Other receivables related parties	Yes	21,998	21,998	-	- %	2	-	Operational capital	-	-	-	2,105,742	2,105,742
8	Coaim Information Technology Co., Ltd.	Cowealth Medical China Co., Limited	Other receivables related parties	Yes	45,005	43,995	39,596	4.350 %	2	-	Operational capital	-	-	-	62,887	62,887
8	Coaim Information Technology Co., Ltd.	Colab Reserch & Developme nt Inc.	Other receivables related parties	Yes	135,015	131,985	10,999	4.350 %	2	-	Operational capital	-	-	-	314,435	1,572,174
9	Royal Seal Holding Co., Limited	Cowealth Medical China Co., Limited	Other receivables related parties	Yes	63,590	61,281	-	- %	2	-	Operational capital	-	-	-	159,168	159,168
10	Cowealth Holding Co., Limited (HK)	Cowealth Medical Holding Co., Ltd.	Other receivables related parties	Yes	192,927	192,927	82,939	2.625 %	2	-	Operational capital	-	-	-	29,680,522	29,680,522

Note 1 : The related capital loans have been written off in the consolidated report.

Note 2 : The description of the nature of the fund loan is as follows :

1. Be a Business dealings.
2. It is necessary for short-term financing.

Note 3 : For companies or bank numbers that have business dealings with the Company and its subsidiaries, the total amount loaned by an individual object shall not exceed the total amount of business dealings between the two parties during the previous 12 months of the fund loan; for all companies and The total amount of the bank account loan and its total amount shall not exceed the total amount of its individual object fund loan and the total amount of business transactions during the previous twelve months.

Note 4 : The Company directly and indirectly holds voting shares or 100% of the total capital contribution between non-ROC subsidiaries that engage in capital loans due to business relationships are not restricted by Note 3, but each of the subsidiaries previously opened individual loans and totals The amount shall not exceed the total unliquidated accounts of the two parties due to business transactions; the total amount of loans to all the subsidiaries shall not exceed the total of the total unliquidated accounts of their individual business transactions.

Note 5 : For companies or bank numbers that need short-term financing, the total amount of loans to individual objects must not exceed 40% of the net value of the Company's latest financial statement; for all companies and bank numbers that need short-term financing The amount shall not exceed 40% of the net value of the Company's most recent financial statement.

Note 6 : The Company directly or indirectly holds voting shares or 100% of the total capital contribution between non-ROC subsidiaries, and the Company engages in capital loans due to the need for short-term financing, and is not subject to Note 5, but the former subsidiaries are capital loans The loan amount for a single enterprise's funds shall not exceed twice the net value of the lending company's most recent financial statements; the Company's non-ROC subsidiary that directly and indirectly holds 100% of the voting shares engages in funds for The Company due to the need for short-term financing The loan is also not restricted by Note 5, but the loan amount to The company shall not exceed ten times the net value of the lending Company's latest financial statement. The lending company's capital loan based on this paragraph and the total amount is limited to ten times the net value of the lending company's latest financial statement.

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
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## (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Cowealth Medical Holding Co., Ltd.	Cowealth Medical Science & Biotechnology Inc.	2	5,670,779	40,000	40,000	-	-	1.41 %	8,506,168	Y	N	N
0	Cowealth Medical Holding Co., Ltd.	Cowealth Medical China Co., Limited	2	5,670,779	1,021,315	659,925	-	-	23.27 %	8,506,168	Y	N	Y
0	Cowealth Medical Holding Co., Ltd.	Royal Seal Holding Co., Limited	2	5,670,779	671,259	563,158	317,017	-	19.86 %	8,506,168	Y	N	N
1	Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	2	5,670,779	900,800	879,900	-	-	16.71 %	8,506,168	Y	N	N
1	Cowealth Medical China Co., Limited	Colab Reserch & Development Inc.	2	5,670,779	225,200	219,975	-	-	4.18 %	8,506,168	Y	N	Y
1	Cowealth Medical China Co., Limited	Coaim Information Technology Co., Ltd.	2	5,670,779	180,160	175,980	-	-	3.34 %	8,506,168	Y	N	Y
1	Cowealth Medical China Co., Limited	CHM Consulting Co., Ltd.	2	5,670,779	45,040	43,995	-	-	0.84 %	8,506,168	Y	N	Y

Note 1 : The method of filling in the number column is as follows :

- 1.The issuer fills in 0.
- 2.The investee companies are numbered sequentially from number 1 according to the Company type.

Note 2 : The relationship between the endorsed guarantor and the endorsed guarantor has the following 7 types, just indicate the type :

- 1.Companies with business dealings.
- 2.A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- 3.A company that directly or indirectly holds more than 50% of the voting rights in the Company.
- 4.Between companies where the Company directly or indirectly holds more than 90% of the voting shares.
- 5.Based on the needs of contracting projects, companies in the same industry or jointly create mutual insurance companies in accordance with contractual provisions.
- 6.Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
- 7.The inter-industry is engaged in joint and several guarantees for the performance of the pre-sale house sales contract in accordance with the Consumer Protection Law.

Note 3 : According to the operating procedures of the Company's endorsement and guarantee, the Company's total amount of endorsement guarantee shall not exceed 3 times of the Company's net value based on the latest financial statements; the Company's amount of endorsement guarantee to a single enterprise shall not exceed 2 times of the Company's net value based on the latest financial statements. The Company and its subsidiaries' total amount of endorsement guarantee shall not exceed 5 times of the Company's net value based on the latest financial statements; the Company and its subsidiaries' amount of endorsement guarantee to a single enterprise shall not exceed 3 times of the Company's net value based on the latest financial statements; a subsidiary's amount of endorsement guarantee to a single enterprise shall not exceed 2 times of the Company's net value based on the latest financial statements. Due to the nature of the business, the endorsement guarantee to a single entity shall not exceed 1 time of the Company's net value based on the latest financial statements, and should not exceed the accumulated transaction amount within 12 months. If the Company holds 100% of its subsidiary's shares or contributed to the subsidiary's full capital, the endorsement guarantee should be made to each party, wherein the amount of endorsement guarantee to a single enterprise shall not exceed 2 times of the guaranteed company's net value based on latest financial statements, and the total amount of endorsement guarantee shall not exceed 3 times of the guaranteed company's net value based on latest financial statements. If the Company directly or indirectly holds more than 90% of its subsidiary's shares or contributed more than 90% of its subsidiary's capital, an endorsement guarantee should be made, wherein the amount of endorsement guarantee to a single enterprise shall not exceed 10% of the guaranteed company's net value based on latest financial statements, and the total amount of endorsement guarantee shall not exceed 10% of the Company's net value based on latest financial statements.

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(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Cowealth Medical Holding Co., Ltd.	Cureus Inc.	-	Financial asset or at fair value through profit or loss (non-current)	317	-	2.59 %	-	
Health Space Consultation & Management (Shanghai) Co., Ltd.	Dalian Bank's large-denomination certificate of deposit 2021 3 terms	-	Financial asset or at fair value through profit or loss (non-current)	-	91,097	- %	91,097	
Health Space Consultation & Management (Shanghai) Co., Ltd.	Dalian Bank's large-denomination certificate of deposit 2020 10 terms	-	Financial asset or at fair value through profit or loss (non-current)	-	45,549	- %	45,549	
Colab Reserch & Development Inc.	China Merchants Bank's large-denomination certificate of deposit 2021 110th term	-	Financial asset or at fair value through profit or loss (current)	-	44,102	- %	44,102	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Coaim Information Technology Co., Ltd.	China Merchants Bank's large-denomination certificate of deposit 2021 110th term	Financial asset or at fair value through profit or loss (current)	Note 2	-	-	-	43,995	-	44,090	43,995	95	-	-	
Colab Reserch & Development Inc.	China Merchants Bank's large-denomination certificate of deposit 2021 110th term	Financial asset or at fair value through profit or loss (current)	Note 2	-	-	-	44,102	-	-	-	-	-	44,102	
CHM Consulting Co., Ltd.	China Merchants Bank's large-denomination certificate of deposit 2020 838th term	Financial asset or at fair value through profit or loss (current)	Note 2	-	-	-	43,995	-	44,072	43,995	79	-	-	
Cowealth Medical China Co., Limited	China Merchants Bank's large-denomination certificate of deposit 2020 838th term	Financial asset or at fair value through profit or loss (current)	Note 2	-	-	-	43,995	-	44,072	43,995	77	-	-	

Note1: Securities includes stocks, bonds, beneficiary certificates, and securities generated along with securities mentioned above.

Note2: Unless it is securities recognized using overlay approach, it is not required to fill in.

Note3: Market price of individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the capital stock.

Note4: Paid in capital refers to the paid in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid up capital shall be based on assets and liabilities. The table is calculated based on the 10% equity attributable to the owner of the parent company.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(Continued)

**COWEALTH MEDICAL HOLDING CO., LTD.**  
**Notes to Consolidated Financial Statements**

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Colab Reserch & Development Inc.	Cowealth Medical China Co., Limited	Affiliated company	Sale	149,920	2.66 %	Net 180 days	-	Not significantly different from general customers	28,974	0.81%	Amount already offset when compiling the consolidated report.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (Note 1)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
Cowealth Medical Holding Co., Ltd.	Cowealth Holding Co., Ltd.	Parent-subsidiary	Other payables 112,363	-	-		-	-	Amount already offset when compiling the consolidated report.
Cowealth Medical Holding Co., Limited	Royal Seal Holding Co., Limited	Affiliated company	Prepayment in advance 169,407	-	-		-	-	Amount already offset when compiling the consolidated report.

Note 1 : Please fill in separately according to accounts receivable, notes, other receivables... etc.

Note 2 : Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-up capital shall be based on assets and liabilities. The table is calculated based on the 10% equity attributable to the owner of the parent company.

- (ix) Trading in derivative instruments:None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Cowealth Medical Holding Co., Ltd.	Cowealth Holding Co., Limited (HK)	1	Accrued income	78,311	Note 3	1.09%
0	Cowealth Medical Holding Co., Ltd.	Cowealth Holding Co., Limited (HK)	1	Other payables	84,020	Note 3	1.17%
0	Cowealth Medical Holding Co., Ltd.	Cowealth Medical Science & Biotechnology Inc.	1	Other payables	6,381	Note 3	0.09%
0	Cowealth Medical Holding Co., Ltd.	Cowealth Holding Co., Ltd.	1	Other payables	112,363	Note 3	1.56%
0	Cowealth Medical Holding Co., Ltd.	Cowealth Medical China Co., Limited	1	Service revenue	815	Net 180 days	0.01%
1	Cowealth Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	3	Other receivables	16,467	Note 3	0.23%
2	Wun Wei Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	3	Other receivables	8,530	Note 3	0.12%
3	Jie Li Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	3	Other receivables	9,067	Note 3	0.13%
4	Le Li Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	3	Other receivables	8,846	Note 3	0.12%
5	Cowealth Holding Co., Limited (HK)	Cowealth Medical Science & Biotechnology Inc.	3	Other payables	12,335	Note 3	0.17%
5	Cowealth Holding Co., Limited (HK)	Cowealth Holding Co., Ltd.	3	Other payables	71,561	Note 3	0.99%
6	Cowealth Medical Science & Biotechnology Inc.	Cowealth Holding Co., Ltd.	3	Accrued income	77,693	Note 3	1.08%
7	CHM Consulting Co., Ltd.	Cowealth Medical China Co., Limited	3	Other receivables	10,559	Note 3	0.15%

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
**Notes to Consolidated Financial Statements**

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
7	CHM Consulting Co., Ltd.	Cowealth Medical China Co., Limited	3	Service revenue	20,674	Net 180 days	0.37%
7	CHM Consulting Co., Ltd.	Colab Reserch & Development Inc.	3	Other receivables	30,797	Note 3	0.43%
7	CHM Consulting Co., Ltd.	Colab Reserch & Development Inc.	3	Service revenue	662	Net 180 days	0.01%
7	CHM Consulting Co., Ltd.	Coaim Information Technology Co., Ltd.	3	Service revenue	662	Net 180 days	0.01%
7	CHM Consulting Co., Ltd.	Cowealth Medical Beijing Co., Ltd.	3	Service revenue	662	Net 180 days	0.01%
8	Cowealth Medical China Co., Limited	Colab Reserch & Development Inc.	3	Accounts payable	897	Note 3	0.01%
8	Cowealth Medical China Co., Limited	Colab Reserch & Development Inc.	3	Other receivables	76,991	Note 3	1.07%
8	Cowealth Medical China Co., Limited	Colab Reserch & Development Inc.	3	Other revenue	2,271	Note 3	0.04%
8	Cowealth Medical China Co., Limited	Coaim Information Technology Co., Ltd.	3	Other payables	39,596	Note 3	0.55%
8	Cowealth Medical China Co., Limited	Coaim Information Technology Co., Ltd.	3	Other revenue	265	Note 3	-%
8	Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	3	Prepayment in advance	169,407	Note 3	2.35%
8	Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	3	Accounts payable	9,159	Note 3	0.13%
8	Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	3	Other receivables	19,150	Note 3	0.27%
8	Cowealth Medical China Co., Limited	Health Space Consultation & Management (Shanghai) Co., Ltd.	3	Other revenue	49	Note 3	-%
8	Cowealth Medical China Co., Limited	Cowealth Coshine Medical Tianjin Co., Ltd.	3	Prepayment in advance	77	Note 3	-%
8	Cowealth Medical China Co., Limited	Cowealth Medical Beijing Co., Ltd.	3	Other receivables	8,836	Note 3	0.12%
8	Cowealth Medical China Co., Limited	Colab Reserch & Development Inc.	3	Service revenue	3,546	Net 180 days	0.06%
8	Cowealth Medical China Co., Limited	CHM Consulting Co., Ltd.	3	Other revenue	350	Note 3	0.01%
9	Colab Reserch & Development Inc.	Cowealth Medical China Co., Limited	3	Other revenue	827	Note 3	0.01%
9	Colab Reserch & Development Inc.	Coaim Information Technology Co., Ltd.	3	Other payables	10,999	Note 3	0.15%
9	Colab Reserch & Development Inc.	Cowealth Medical China Co., Limited	3	Sales revenue	149,920	Net 180 days	2.66%
10	Coaim Information Technology Co., Ltd.	Cowealth Medical China Co., Limited	3	Service revenue	29,300	Net 180 days	0.52%
10	Coaim Information Technology Co., Ltd.	Cowealth Medical China Co., Limited	3	Sales revenue	977	Net 180 days	0.02%
11	Royal Seal Holding Co., Limited	Cowealth Medical China Co., Limited	3	Service revenue	270	Net 180 days	-%
11	Royal Seal Holding Co., Limited	Cowealth Medical China Co., Limited	3	Sales revenue	15,242	Net 180 days	0.27%
12	Cowealth Coshine Medical Tianjin Co., Ltd.	Cowealth Medical China Co., Limited	3	Sales revenue	3,361	Net 180 days	0.06%

Note 1 : The way to fill in the serial number is as follows :

- 1.0 represents the parent company.
- 2.Subsidiaries are numbered sequentially starting from number 1 according to the Company.

Note 2 : The type of relationship with the trader is marked as follows :

- 1.Parent company to subsidiary.
- 2.Subsidiary to parent company.
- 3.Subsidiary to subsidiary company.

Note 3 : Transaction prices between the parents and subsidiaries are not significantly different from those of general suppliers, with trading terms depending on the Group's financing strategy. Other transactions occur in adhoc basis, hence, the trading terms are agreed between both parties.

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
**Notes to Consolidated Financial Statements**

## (b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Cowealth Medical Holding Co., Limited	Cowealth Investment Co., Limited	Taiwan	General investment	38,246 (USD1,248)	38,246 (USD1,248)	2,655,033	100.00 %	35,390	(1,453)	(1,453)	Subsidiary
Cowealth Medical Holding Co., Limited	Mark Investment Co., Limited	Taiwan	General investment	-	15,587 (USD509)	-	- %	-	(702)	(702)	Subsidiary (note1)
Cowealth Medical Holding Co., Limited	Wun Wei Investment Co., Limited	Taiwan	General investment	18,839 (USD615)	18,839 (USD615)	1,369,500	100.00 %	17,196	(671)	(671)	Subsidiary
Cowealth Medical Holding Co., Limited	Jie Li Investment Co., Limited	Taiwan	General investment	20,001 (USD653)	20,001 (USD653)	1,301,000	100.00 %	18,303	(709)	(709)	Subsidiary
Cowealth Medical Holding Co., Limited	Le Li Investment Co., Limited	Taiwan	General investment	19,817 (USD647)	19,817 (USD647)	1,267,497	100.00 %	17,977	(728)	(728)	Subsidiary
Cowealth Medical Holding Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	174,109	174,109	18,280,625	76.34 %	146,691	(14,348)	(10,371)	Subsidiary
Cowealth Medical Holding Co., Limited	Richtek Technology Limited	Hong Kong	Sale of medical equipment and reagents	12,949 (USD423)	12,949 (USD423)	2,317,000	100.00 %	6,446	(2,664)	(2,664)	Subsidiary
Cowealth Medical Holding Co., Limited	Cowealth Holding Co., Limited (HK)	Hong Kong	General investment	800,639 (USD26,130)	800,639 (USD26,130)	26,130,000	100.00 %	2,977,737	152,136	152,136	Subsidiary
Cowealth Medical Holding Co., Limited	MED1 Ventures LLC.	USA	Research and develop medical products	7,660 (USD250)	7,660 (USD250)	250,000	19.00 %	1,014	552	105	Joint venture
Cowealth Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	23,576	23,576	2,357,568	9.85 %	18,918	(14,348)	(1,413)	Subsidiary
Mark Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	-	8,697	-	- %	-	(14,348)	(582)	Subsidiary (note1)
Wun Wei Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	10,522	10,522	1,052,154	4.39 %	8,443	(14,348)	(629)	Subsidiary
Jie Li Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	11,179	11,179	1,117,918	4.67 %	8,971	(14,348)	(670)	Subsidiary
Le Li Investment Co., Limited	Cowealth Medical Science & Biotechnology Inc.	Taiwan	Import and export business of medical equipment, reagents and spare parts	11,376	11,376	1,137,643	4.75 %	9,129	(14,348)	(683)	Subsidiary
Cowealth Medical China Co., Limited	Royal Seal Holding Co., Limited	Hong Kong	General investment	477,381 (USD15,580)	477,381 (USD12,080)	5,580,000	100.00 %	397,922	(53,219)	(53,219)	Subsidiary
Cowealth Medical Science & Biotechnology Inc.	Cowealth Holding Co., Limited	Cayman Islands	General investment	76,969 (USD2,512)	76,969 (USD2,512)	2,512,000	100.00 %	134,614	(16,266)	(16,266)	Subsidiary
Cowealth Holding Co., Limited	Cowealth Investment Co. Ltd. (BVI)	British Virgin Islands	General investment	-	41,441 (USD1,353)	-	- %	-	2,474	2,474	Subsidiary (note2)

Note 1: Mark Investment Co., Limited is liquidated on September 29, 2022.

Note 2: Cowealth Investment Co., Ltd is liquidated on August 26, 2022.

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**COWEALTH MEDICAL HOLDING CO., LTD.**  
**Notes to Consolidated Financial Statements**

## (c) Information on investment in mainland China:

## (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Health Space Consultation & Management (Shanghai) Co., Ltd.	Nutrition, health, social and economic consulting, etc.	233,550 (USD7,622)	2	-	-	-	-	(11,642)	100.00%	(11,642)	159,510	-
U Health Business Management (Shanghai) Co. Ltd.	Consulting business	-	2	-	-	-	-	-	100.00%	-	-	-
Cowealth Medical China Co., Limited	Import and export business of medical equipment, reagents and spare parts	1,751,233 (RMB398,053)	2	-	-	-	-	322,324	55.00%	181,229	2,901,291	-
Coaim Information Technology Co., Ltd.	Software development, IT equipment maintenance and IT system maintenance service	150,595 (RMB34,230)	2	-	-	-	-	8,399	55.00%	4,619	89,302	-
Colab Reserch & Development Inc.	Sale of medical equipment and reagents	42,969 (RMB9,767)	2	-	-	-	-	29,694	55.00%	16,332	69,274	-
CHM Consulting Co., Ltd.	Engaged in hospital management, investment, business management, economic information consulting, etc.	34,008 (RMB7,730)	2	-	-	-	-	9,176	55.00%	5,047	26,850	-
Cowealth Coshine Medical Tianjin Co., Ltd.	Sale of medical equipment, reagents and spare parts	4,400 (RMB1,000)	2	-	-	-	-	(326)	33.00%	(108)	1,105	-
Cowealth Prosperity Medical Shandong Co., Ltd	Sale of medical equipment, reagents and spare parts	10,999 (RMB2,500)	2	-	-	-	-	297	33.00%	98	4,937	-
Cowealth Medical Beijing Co., Ltd.	Engaged in hospital management, investment, business management, economic information consulting, etc.	4,400 (RMB1,000)	2	-	-	-	-	(7,691)	55.00%	(4,230)	(1,794)	-
Cowealth Medical Guangzhou Co., Ltd.	Engaged in hospital management, investment, business management, economic information consulting, etc.	4,400 (RMB1,000)	2	-	-	-	-	(3,174)	55.00%	(1,746)	681	-

Note 1 : The types of investment methods are as follows :

1. Invest in companies in Mainland China through third region remittances.
2. Set up a company through third region investment, and reinvest in companies in Mainland China.
3. Reinvest in companies in Mainland China by reinvesting in existing companies in the third region.
4. Other methods.

## (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
-	-	1,701,234

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Duane Lee		8,439,834	10.89 %
Joyce Wang		7,301,186	9.42 %

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**(14) Segment information:**

(a) General information

Operating segments required to be disclosed are categorized as Rectifiers (rectifier trading) and Bar Code Printers (manufacture and sale of bar code printers).

The Group is required to disclose individual strategic business units which offer different products and services. Since the business units require different skills and marketing strategies, they need to be managed separately.

(b) Information about reporting segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and to make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gains or losses. Due to taxation, extraordinary activity and foreign exchange gains or losses are managed on a group basis, and hence, they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The operating segment accounting policies are similar to the ones described in note 4 “Significant accounting policies”.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group’s operating segment information and reconciliation are as follows:

	<b>2022</b>			
	<b>Equipment</b>	<b>Reagents and others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Area revenue:				
Third-party customers	\$ 1,451,490	4,174,877	-	5,626,367
Total revenue	<u>\$ 1,451,490</u>	<u>4,174,877</u>	<u>-</u>	<u>5,626,367</u>
Interest income	\$ 9,608	27,637	-	37,245
Interest expense	6,440	18,525	-	24,965
Depreciation and amortization	14,779	42,508	-	57,287
<b>Reported segment profit and loss</b>	<u>\$ 100,177</u>	<u>288,065</u>	<u>-</u>	<u>388,242</u>
	<b>2021</b>			
	<b>Equipment</b>	<b>Reagents and others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Area revenue:				
Third-party customers	\$ 488,825	4,650,923	-	5,139,748
Total revenue	<u>\$ 488,825</u>	<u>4,650,923</u>	<u>-</u>	<u>5,139,748</u>
Interest income	\$ 1,006	9,569	-	10,575
Interest expense	2,319	22,066	-	24,385
Depreciation and amortization	6,644	63,214	-	69,858
<b>Reported segment profit and loss</b>	<u>\$ 31,836</u>	<u>302,900</u>	<u>-</u>	<u>334,736</u>
	<b>Equipment</b>	<b>Reagents and others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Reported segment assets				
December 30, 2022	\$ 1,859,259	5,347,729	-	7,206,988
December 31, 2021	<u>\$ 513,645</u>	<u>4,887,070</u>	<u>-</u>	<u>5,400,715</u>
	<b>Equipment</b>	<b>Reagents and others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Reported segment liabilities				
December 30, 2022	\$ 517,219	1,487,660	-	2,004,879
December 31, 2021	<u>\$ 178,380</u>	<u>1,697,198</u>	<u>-</u>	<u>1,875,578</u>

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**COWEALTH MEDICAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(c) Information of products and services

Revenue from external customers of the Group was as follows:

<u>Item</u>	<u>2022</u>	<u>2021</u>
Equipment	\$ 1,451,490	488,825
Reagents and others	<u>4,174,877</u>	<u>4,650,923</u>
Total	<u>\$ 5,626,367</u>	<u>5,139,748</u>

(d) Geographical information

In presenting the information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2022</u>	<u>2021</u>
Revenue from external customers:		
Taiwan	\$ 348	208
China and Hong Kong	<u>5,626,019</u>	<u>5,139,540</u>
Total	<u>\$ 5,626,367</u>	<u>5,139,748</u>

<u>Geographical information</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current assets:		
Taiwan	\$ 16,741	7,424
China and Hong Kong	<u>443,403</u>	<u>534,861</u>
Total	<u>\$ 460,144</u>	<u>542,285</u>

Non-current assets include property, plant and equipment, intangible assets, and other assets, not including financial instruments, and deferred tax assets.

(e) Major customers

<u>Item</u>	<u>2022</u>	<u>2021</u>
A customer of one division	<u>\$ 770,435</u>	<u>772,637</u>



## Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

### I. Financial position

Unit: NTD thousands

Item	December 31, 2021	December 31, 2022	Variation	
			Amount	%
Current assets	4,723,296	6,421,075	1,697,779	36%
Property, plant and equipment	223,799	211,166	-12,633	-6%
Intangible assets	4,092	7,982	3,890	95%
Other assets	449,528	566,765	117,237	26%
Total assets	5,400,715	7,206,988	1,806,273	33%
Current liabilities	1,719,229	1,923,859	204,630	12%
Non-current liabilities	156,349	81,020	-75,329	-48%
Total liabilities	1,875,578	2,004,879	129,301	7%
Share capital	774,496	774,496	0	0%
Capital reserve	1,007,738	1,223,667	215,929	21%
Special reserve	478,275	487,131	8,856	2%
Unappropriated earnings	537,444	507,619	-29,825	-6%
Other equity items	-230,099	-157,523	72,576	-32%
Non-controlling equity	957,283	2,366,719	1,409,436	147%
Total equity	3,525,137	5,202,109	1,676,972	48%
<p>Analysis and explanation to significant variations amounting to NT\$10 million or 20% or above:</p> <ol style="list-style-type: none"> <li>Increase in current assets: Mainly due to the external cash capital increase executed by the important subsidiary Cowealth Medical China Co., Ltd., and the increase of accounts receivable of NT\$785,708 thousand, such that current assets increased.</li> <li>Increase in other assets: Mainly due to the possession of bank negotiable certificate of deposits, and the increase in financial assets measured at fair value through profit or loss, such that the other assets increased.</li> <li>Increase in total assets: Due to the reasons mentioned the above two paragraphs, the total assets of the current year increased from last year.</li> <li>Decrease in non-current liabilities: Mainly due to settlement of net defined benefit liability in the current period and decrease in deferred tax liability.</li> <li>Increase in capital surplus: Due to the important subsidiary Cowealth Medical China Co., Ltd. completed the IPO and public listing at the main board of Shanghai Stock Exchange on February 16, 2022, and the consolidated company reduced the ownership of such subsidiary from 73.34% to 55%. Such change did not cause any loss of control and shall be handed as equity trading, and the capital reserve of NT\$215,929 thousand was recognized.</li> <li>Increase in non-controlling equity: Due to the important subsidiary Cowealth Medical China Co., Ltd. completed the IPO and public listing at the main board of Shanghai Stock Exchange on February 16, 2022, and the consolidated company reduced the ownership of such subsidiary from 73.34% to 55%, such that non-controlling equity increased.</li> <li>Increase in total equity: Due to the reasons mentioned the above two paragraphs, the total equity of the current year increased from last year.</li> </ol>				

## II. Financial performance

Unit: NTD thousands

Item \ Year	2021	2022	Variation	
			Amount	%
Operating revenues	5,139,748	5,626,367	486,619	9%
Operating costs	4,081,821	4,521,925	440,104	11%
Gross profit	1,057,927	1,104,442	46,515	4%
Operating expenses	716,938	734,616	17,678	2%
Operating profit	340,989	369,826	28,837	8%
Non-operating income and expenses	-6,253	18,516	24,769	-396%
Profit before tax	334,736	388,342	53,606	16%
Income tax expense	118,824	153,144	34,320	29%
Current net income	215,912	235,198	19,286	9%
<p>Analysis and explanation to significant variations amounting to NT\$10 million or 20% or above:</p> <ol style="list-style-type: none"> <li>Increase in non-operating income and expenses: The non-operating income increased by NT\$24,769 thousand from last year, which was mainly due to that the interest revenue and gain from the financial assets measured at fair value through profit or loss were higher for the current year.</li> <li>Increase in income tax expense: The income tax expense increased by NT\$34,320 thousand from last year, which was mainly due to the profit growth in the current year such that the current income tax expense increased.</li> </ol> <p>Possible financial impacts and response plans: Please see "Report to Shareholders."</p>				

## III. Cash flow

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

Unit: NTD thousands

Opening cash balance	Net cash inflow (outflow) from operating activities for the year	Cash flow from other activities for the year (Note 1)	Cash surplus	Financing of cash deficits	
				Investment plans	Financing plans
842,684	-267,591	808,297	1,383,390	-	-
<p>Analysis of cash flow variations for the most recent year</p> <p>Operating activities: The Company incurred a net outflow of NT\$267,591 thousand in the current year primarily due to increases in accounts receivable and prepayments.</p> <p>Investing activities: The net outflow in the current year was NT\$270,996 thousand, which was mainly due to the acquisition of the financial assets measured at fair value through profit or loss of NT\$197,603 thousand in the current year.</p> <p>Financing activities: The net inflow of NT\$1,066,076 thousand was mainly due to the non-controlling equity in the current period.</p>					

Note 1: Includes effect of exchange rate variation NT\$13,217 thousand.

(II) Response measures and liquidity analysis for cash flow deficit: None.

(III) Liquidity analysis for the next year:

Unit: NTD thousands

Opening cash balance (1)	Projected net cash flow from operating activities for the year (2)	Expected cash outflow for the year (3)	Projected cash surplus (1)+(2)-(3)	Financing of projected cash deficits	
				Investment plans	Financing plans
1,383,390	633,145	141,058	1,875,477	Not applicable	Not applicable

1. Operating activities: The operating activities mainly predict that the operating revenue and

- profit in 2023 will continue to maintain stable growth.
2. Financing activates: Cash dividends will be issued in the current period.
  3. Response measures and liquidity analysis for projected cash flow deficit in 2023: Not applicable.

#### **IV. Major capital expenditures in the last year and impact on financial/business performance: None**

#### **V. Investment policy in the most recent year, causes of profit or loss incurred, improvement plans, and investments planned for the next year:**

The Company has devised its investment policy in line with the operational requirements of the Group, and focuses on investing into industries or businesses that are beneficial to the Company's future prospects. The Company either has 100% direct or indirect ownership or exercise substantive control over all business investments in the most recent year. All business investments have performed favorably. The Company may consider making new business investments in the coming year as opportunities emerge.

#### **VI. Risk management issues in the last year up until the publication date of annual report**

- (I) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures:
  1. Interest rate:

Cowearth Group borrows from financial institutions to finance business activities, and is therefore exposed to interest rate risks as the primary form of market risk. Considering how domestic and foreign institutions have forecast medium-term and long-term interest rates to lower or level in the next few years, the Group is unlikely to suffer losses from interest rate change. Cowearth Group also negotiates interest rates with banking partners and uses a combination of fixed and floating rate borrowings to control interest rate risks.
  2. Exchange rate:

Sales of Cowearth Group are mostly denominated in RMB, followed by USD. Purchases are mostly paid in RMB, followed by USD, whereas the size of foreign currency-denominated assets is slightly larger than liabilities. The Group reported NT\$1,590 thousand of net loss on exchange in 2021 that represented 0.03% of net operating revenues; and NT\$1,373 thousand of net loss on exchange in 2022 that represented 0.02% of net operating revenues. The many restrictions that prevent the exchange of RMB into foreign currencies in China have hindered Cowearth Group's capital expenditures; further tightening of these restrictions may affect Cowearth Group negatively. Any variation of the RMB exchange rate may give rise to gains or losses on exchange, as Cowearth Group is required to convert foreign currency-denominated sales proceeds into RMB. For this reason, Cowearth Group adopts the following measures in response to exchange rate variation:
  - ① In addition to creating a natural hedge by purchasing and selling goods in foreign currencies, the Group assigns financial specialists to gather information and evaluate trends of the foreign exchange market, and exchanges foreign currencies according to capital requirement to minimize net currency exposure.
  - ② The Group maintains frequent contact with key banking partners and closely monitors changes in the foreign exchange market. This level of engagement provides employees with the reference they need to respond to exchange rate changes in a timely manner.

③ Actions are taken as necessary depending on foreign currency position and exchange rate fluctuation to mitigate the exchange rate risks associated with business activities.

3. Inflation:

Inflation had not affected the profitability of Cowealth Group to any significant degree in the past. However, Cowealth Group will consider adjusting selling prices if cost of purchase rises due to inflation. Cowealth Group also evaluates economic statistics and reports published by government and research institutions from time to time, and gathers relevant information to support the management's decisions.

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

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

Cowealth Group devotes all its focus on core business and does not engage in other risky activities. In addition, it adopts conservative financial practices and refrains from highly leveraged investments, and thus has limited risk exposure.

2. Policies on third-party lending; describe the main causes of profit or loss incurred and future response measures:

Apart from intra-group lending, Cowealth Group had not lent to any party outside the Group in the last year and up until the publication date of annual report. All lending of capital between members of Cowealth Group as of April 14, 2023 had been approved by the board of directors and complied with rules of the Company. These lending arrangements did not affect the profit or loss shown in the Company's consolidated financial statements.

3. Policies on guarantees and endorsements; describe the main causes of profit or loss incurred and future response measures:

Apart from intra-group endorsements/guarantees, Cowealth Group had not offered endorsement/guarantee to any party outside the Group in the last year and up until the publication date of annual report. All endorsements/guarantees between members of Cowealth Group as of April 14, 2023 had been approved by the board of directors and complied with rules of the Company. These arrangements did not affect the profit or loss shown in the Company's consolidated financial statements.

4. Policies on trading of derivatives:

The board of directors of Cowealth Group passed a resolution on August 7, 2017 to disassociate from trading of derivatives. However, having considered future operational requirements of the Company and subsidiaries as well as the need to hedge against exchange rate fluctuations and allocate capital on a short-term basis for higher yield and principal protection, the Audit Committee and the board of directors passed a resolution on March 21, 2022 to resume trading of derivatives and with the establishment of "Procedures for Financial Derivatives Transactions." As of April 14, 2023, none of the Company and subsidiaries had engaged in the trading of derivatives.

(III) Future research and development plans and projected expenses:

Cowealth Group expects to invest NT\$13,249 thousand into information system upgrade and development of a hospital management platform.

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

China implemented a dual-invoice policy in 2016 within the intention to limit hospitals' purchases to tier-1 distributors or original manufacturers only. This policy may limit the number of suppliers and the range of supplies available to Cowealth Group, and the Group may be unable to sell goods through traders. For this reason, Cowealth Group will direct more focus toward agency sale of advanced medical device and development of new business activities, while at the same time paying close attention to policy implementation and timing, so that proper adjustments can be made to the operational plan.

(V) Financial impacts and response measures in the event of technological or industrial changes (including cybersecurity risks)

Measures:

Cowealth Group pays constant attention to changes in technology, information/communication systems, and market trends that are relevant to its industry, and evaluates how these changes affect business secret, the systems in use, and cybersecurity. Cowealth Group uses officially licensed software and assigns dedicated personnel to manage information systems, adopt appropriate technologies, take proper protections, and examine preventive measures on a regular basis. There had been no change in technology or industry practice in the last year and up until the publication date of annual report that significantly affected Cowealth Group's financial position or business performance.

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

Cowealth Group encountered no significant change in corporate image in the last year and up until the publication date of prospectus. Cowealth Group has been actively building a distinctive brand image through enhanced internal management and improved quality management since inception, and believes that a strong brand is what earns customers' trust. Cowealth Group has completed the public offering of its shares according to the Securities and Exchange Act of The Republic of China. This public disclosure of information and adoption of enhanced corporate governance practice will prove favorable to the Company's image.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions:

Cowealth Group had not made plans to acquire or merge businesses outside the Group in the last year and up until the publication date of annual report, hence not applicable.

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

Cowealth Group had not made plant expansion plans in the last year and up until the publication date of annual report, hence not applicable.

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

1. Risks and response measures associated with concentrated purchases:

Purchases of Cowealth Group mostly comprise radiotherapy machines, clinical diagnosis equipment, and reagents. Cowealth Group has signed an agreement with Viewray (USA) for the sale of equipment in Taiwan and Hong Kong. Meanwhile, Cowealth Group continues to diversify purchasing risks by exploring opportunities to sell other medical equipment.

In the clinical diagnosis equipment and reagents segment, most of the equipment is supplied by established brands such as Hitachi, Siemens, Abbott, and Roche due to the matured nature of the underlying technology. Reagent suppliers mostly consist of original manufacturers' regional distributors or local producers in China. Due to the vast number of suppliers available and substitutable nature of the product, no single supplier accounts for any significant amount or weight in Cowealth's purchases, indicating minimal concentration risk. Furthermore, Cowealth Group maintains strong, long-lasting business relationship with each supplier to ensure stability of supply.

2. Risks and response measures associated with concentrated sales:

Cowealth Group sells mostly to State Council's tier-2 and tier-3 medical institutions and military hospitals in China. Cowealth Group had no single customer that accounted for more than 30% of total sales in the last year and up until the publication date of annual report. Cowealth Group will continue exploring new customers in the future to minimize risk of concentrated sales.

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

There had been no change or significant transfer of shareholding by the Company's directors or major shareholders with more than 10% ownership interest in the last year and up until the publication date of annual report.

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

There had been no change of management within Cowealth Group in the last year up until the publication date of annual report, hence not applicable.

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

parties involved, and progress as of the publication date of annual report (with the exception of Item 7, all other amounts are denominated in RMB):

1. On August 21, 2017, Cowealth China filed a lawsuit against Beijing Guoshengheng Trading Co., Ltd. (referred to as “Beijing Guoshengheng” below) for payment of sales proceeds and against Henan Beisheng Trading Co., Ltd. (referred to as “Henan Beisheng” below) and Tung-Sen Kuo for joint guarantee liability. While the case was being reviewed, Xuhui District People's Court of Shanghai engaged Shanghai Xuhui People's Mediation Commission to mediate and resolve the dispute, through which the two parties were able to reach a settlement. According to Civil Mediation Form No. (2017)-Hu-0104-Minchiu-24100 issued by Xuhui District People's Court of Shanghai, Beijing Guoshengheng agreed to make instalment payments to Cowealth China for sales proceeds totaling RMB 2,538,000 and default charges totaling RMB 466,660. In September 2022, Cowealth China applied for compulsory execution with the Shanghai City Xuhui District People's Court. During the execution process, Shanghai City Xuhui District People's Court seized the bank deposit of the party subject to execution, and after the deduction of the execution fee, an amount of RMB 112,498.25 was returned to Cowealth China. After the seizure, the party subject to execution temporarily had no property available for execution; therefore, the execution procedure was terminated. In the future, in case of discovery of executable property of the party subject to execution, execution can be re-applied again. As of April 6, 2023, Beijing Guoshengheng had paid RMB 933,988.25 of the sales proceeds, and RMB 2,070,661.75 remained outstanding.

2. On August 21, 2017, Cowealth China filed a lawsuit against Shanghai Hongchang Biotechnology Co., Ltd. (referred to as “Shanghai Hongchang” below) for payment of sales proceeds and against Xuzhou Dekang Biotechnology Co., Ltd. (referred to as “Xuzhou Dekang” below), Chun-Hua Fang, and Yong Wang for joint guarantee liability. While the case was being reviewed, Xuhui District People's Court of Shanghai engaged Shanghai Xuhui People's Mediation Commission to mediate and resolve the dispute, through which the two parties were able to reach a settlement. According to Civil Mediation Form No. (2017)-Hu-0104-Minchiu-24048 issued by Xuhui District People's Court of Shanghai, Shanghai Hongchang agreed to make instalment payments to Cowealth China for sales proceeds totaling RMB 3,768,875 and default charges totaling 307,350. Xuzhou Dekang bears joint liability to all sales proceeds and default charges payable by Shanghai Jujichang. Yong Wang and Chun-Hua Fang are individually liable to part of the sales proceeds and default charges payable by Shanghai Jujichang. As of April 6, 2023, Shanghai Hongchang had RMB 1,491,275.85 outstanding that had yet to be paid according to court judgment.

3. On July 17, 2018, Cowealth China filed a lawsuit against Beijing Shidaihuakang Huakang Medical Equipment Leasing Co., Ltd. (“Beijing Shidaihuakang”) for payment of repair and maintenance charges totaling RMB 15,030,835. According to First Instance Judgment No. (2018)-Hu-0104-Minchiu-15646 issued by Xuhui District People's Court of Shanghai on May 20, 2019, Beijing Shidaihuakang was instructed to pay Cowealth China the difference in repair and maintenance charges totaling RMB 14.5 million within 10 days from the effective date of judgment. Beijing Shidaihuakang disagreed with the first instance judgment and filed for an appeal, to which Shanghai No. 1 Intermediate People's Court issued Final Judgment No. (2019)-Hu-01-MinZhong-10930 on October 22, 2019 to reject the appeal and maintain the original judgment. On January 20, 2020, an amount of RMB 4,147,646.20 thousand of under the custody payment account of (2019)-Hu-0104-Zhi No. 7743 was received from Shanghai City Xuhui District People's Court. On April 19, 2022, an amount of RMB 166,783.29 paid by the bankruptcy administrator of the Beijing Shidai Huakang Medical Equipment Lease Co., Ltd. was received. On May 28, 2021, Beijing Shidai Huakang Medical Equipment Lease Co., Ltd. was announced to be under bankruptcy according to the court ruling of the Beijing Municipal First Intermediate People's Court, and the company's registration was canceled on July 12, 2022.

4. On August 10, 2020, Cowealth China filed a lawsuit against The Second Hospital of Handan for disputes over the purchasing agreement. The lawsuit includes a claim for payment of sales proceeds from The Second Hospital of Handan. While the case was being reviewed, the court hosted a mediation through which Cowealth China and The Second Hospital of Handan was able to reach a settlement. Xuhui District People's Court of Shanghai then issued

Civil Mediation Form No. (2020)-Hu-0104-Minchu-19355 on November 3, 2020 based on the settled terms, which required The Second Hospital of Handan to pay Cowealth China RMB 6,235,285.19 for the goods supplied; the payment was to be made in two instalments: RMB 3,117,650 in the form of bank acceptance bill (with 6-month maturity) before December 1, 2021 and RMB 3,117,635.19 in the form of bank acceptance bill (with 6-month maturity) before December 1, 2022. Up to April 6, 2023, The Second Hospital of Handan had paid the first installation of RMB 3,117,650. In addition, an amount of RMB 1,500,000 was paid on November 3, 2022, and an amount of RMB 1,594,047.19 was paid on December 22, 2022.

5. On March 6, 2020, Cowealth China filed a lawsuit against Shanghai Sai'an Biological Medicine Technology Co.,Ltd. (referred to as "Shanghai Sai'an" below) for payment of sales proceeds and default charges on overdue payment. According to Civil Judgment No. (2020)-Hu-0104-Minchu-3654 issued by Xuhui District People's Court of Shanghai on February 24, 2021 Shanghai Sai'an was required to pay Cowealth China RMB 92,698.12 of sales proceeds under "Supplementary Agreement" No. WSH170906MDS-A190716 plus default charges accruing at 1.3 times the one-year lending rate published by National Interbank Funding Center on the RMB 92,698.12 balance from October 10, 2019 until the actual day of payment, within 10 days from the effective date of judgment. The judgment also instructed Shanghai Sai'an to pay Cowealth China RMB 369,000 of sales proceeds under "Collaborative Agreement" No. WSH170906MDS and "Supplementary Agreement" No. WSH170906MDS-A180207 plus default charges accruing at 1.3 times the one-year lending rate published by National Interbank Funding Center on the RMB 369,000 balance from November 26, 2019 until the actual day of payment, within 10 days from the effective date of judgment. As of April 4, 2022, Shanghai Sai'an had not paid the sales proceeds. On December 16, 2021, Shanghai No. 1 Intermediate People's Court accepted the bankruptcy application of Shanghai Sai'an, and Shanghai Sai'an is currently undergoing liquidation.

6. On April 2021, Shanghai Hongchang Biotechnology Co., Ltd. (referred to as "Shanghai Hongchang" below) and Xuzhou Dekang Biotechnology Co., Ltd. (referred to as "Xuzhou Dekang" below) filed a lawsuit against Cowealth China and Colab R&D to ascertain the RMB 1,356,659.98 of profit generated from the customers that Shanghai Hongchang and Xuzhou Dekang had entrusted to Cowealth China and Colab R&D for the period May 2017 to January 2018, and to offset the above profits against the amounts owed by Shanghai Hongchang to Cowealth China under Civil Mediation Form No. (2017)-Hu-0104-Minchu-24048. According to First Instance Judgment No. (2021)-Hu-0104-Minchu-8118 issued by the Xuhui District People's Court of Shanghai on November 29, 2021, the court had ascertained the amount of profits generated on the 17 customers that Shanghai Hongchang and Xuzhou Dekang had entrusted to Cowealth China and Colab R&D for the period from May 2017 to January 2018 at RMB 997,798.90, and allowed this profit to offset against the amounts owed by Shanghai Hongchang to Cowealth China under Civil Mediation Form No. (2017)-Hu-0104-Minchu-24048. Cowealth China and Colab R&D disagreed with the first instance judgment and filed for an appeal. According to the Judgment No. (2022)-Hu-01-Minzhong-2523 issued by the Shanghai Municipal First Intermediate People's Court on May 17, 2022, the Civil Judgment No. (2021)-Hu-0104-Minchu-8118 issued by the Xuhui District People's Court of Shanghai was revoked, and all of the claims made by the appellants Shanghai Hongchang and Xuzhou Dekang were dismissed. Shanghai Hongchang and Xuzhou Dekang disagreed with the final judgement and applied for retrial with the Shanghai Higher People's Court. Up to the date of April 6, 2023, the court trial was yet to be commenced.

7. In November 2021, HuaLong BioMed Inc. (referred to as "HuaLong BioMed" below) filed a civil lawsuit (No. 2021-Chong-Su-942) against Cowealth Medical Holding Co., Ltd., Taiwan Branch (Cayman) (referred to as "Cowealth Medical Taiwan" below) with Taiwan Taipei District Court, in which HuaLong BioMed requested for the court's order to have Cowealth Medical Taiwan pay NT\$75 million of compensation according to the terms of their agency agreement. Cowealth Medical Taiwan considered it unnecessary to compensate HuaLong BioMed and has engaged an attorney to handle the lawsuit. According to the preliminary assessment of Cowealth Medical Taiwan, the case should not have any significant impact on the Company's financial performance, but will make appropriate announcements

according to laws if significant financial or business impact becomes probable as the case progresses.

(XIII) Other key risks and response measures:

1. Risk of upstream vendor being unable to supply goods

Cowealth Group is a distributor of medical devices, reagents, and related parts and accessories. The Group does not develop or manufacture products, but purchases radiotherapy machines and clinical diagnostic products (including equipment and related accessories, consumables, and reagents) from upstream manufacturers (such as Viewray, Hitachi, Siemens, Abbott, and Roche) and sells them to end users in the downstream.

As explained above in the section titled "Risks and response measures associated with concentrated purchases," clinical diagnostics have such a vast number of suppliers and are substitutable in nature that there is minimal risk of upstream vendors becoming unable to supply goods. With respect to radiotherapy machines, Cowealth Group has signed an exclusive agency contract with manufacturer Viewray for the sale of CyberKnife in Hong Kong and Taiwan and the right to sell 4 units in Mainland China. The original manufacturer has had long and productive relationship with Cowealth Group and the current agency contract does not expire until 2023. Given the Group's advantage in the distribution of medical equipment in China, the risk of manufacturer ceasing to supply goods or refusing to renew contract upon expiry is minimal.

2. Inherent risks as an agent

Being an agent for medical devices, Cowealth Group faces the risk that its suppliers may decide to deal with end users directly and avoid the intermediary altogether on a later date once its products have been accepted by the market. Cowealth Group has secured its interests and taken other actions to minimize chances of the above occurrence, but is unable to fully eliminate the possibility.

3. Risk of changes in the procurement policies of Chinese medical institutions

Cowealth Group sells primarily to tiered hospitals and military hospitals in China. Cowealth Group can not ascertain whether the Chinese government decides to maintain, update, or adjust laws, policies, or rules that are relevant to Cowealth's business activities or services in the future.

China has yet to introduce any nationwide policy on centralized procurement of in vitro diagnostic products, but few local governments such as Anhui Province have implemented their own policies on centralized procurement. Nevertheless, they do not affect the Company's areas of operation. The main purpose of centralized procurement is to lower the price of in vitro diagnostic products sold to end users; it is similar to the fixed pricing policy in the way that centralized procurement, too, involves the government in the pricing decision.

Given the current scope of the Company's businesses, the Chinese government's pricing policy has had minimal effect on operating revenues and gross profit margin, and no significant adverse impact has occurred to date.

The Company's centralized procurement service for in vitro diagnostic products provides hospitals with greater flexibility and quality in their purchases; in return, customers' strong attachment provides the Company with more bargaining power with original manufacturers in the upstream. If centralized procurement is implemented nationwide and upstream suppliers are not included in the catalog while the Company fails to enhance collaboration with original manufacturers and medical institutions to include the procured items into its existing centralized procurement service, the Company may have fewer suppliers to work with and have a smaller range of products to sell, and encounter weakened competitive advantage that negatively affects business performance.

Cowealth Group has established a Legal Affairs Department to handle the business risks above, and retains experienced attorneys and experts in China to serve as consultants, whose responsibilities are to study possible changes in regulation and the effects they have on Cowealth Group, so that solutions can be proposed in response at an early time to mitigate the risks they pose on Cowealth Group's operations.

4. Product (merchandise) sales and inventory risk

Cowealth Group is a distributor of medical equipment, related parts and accessories,



consumables, and reagents. The Group does not develop or manufacture products, but has to maintain certain level of inventory to ensure the adequacy and the quality of its supply service. The inventory also reduces risk of Cowealth Group becoming unable to meet customers' product needs in time due to supply disruption in the upstream. However, maintaining a reasonable level of inventory will inevitably increase product storage and management costs, and given the fact that most medical reagents and consumables are perishable, inability to sell inventory before expiry will lead to devaluation or obsolescence losses. To minimize risk of inventory loss, Cowealth Group persistently improves its inventory management practices and has implemented a loss provisioning policy to analyze and evaluate the possibility of closing inventory losing value or becoming obsolete in the future, with adequate amount of allowances made.

Cowealth Group has purchased all-risk insurance policies of certain amounts to protect inventory and assets held in key areas of operation against losses from natural disaster or incidents that are beyond the control or expectation of Cowealth Group.

5. Risk of unrecovered accounts receivable

Cowealth Group sells primarily to tiered hospitals in China, particularly tier-2, tier-3, and military hospitals that are more financially sound compared to private businesses.

Despite having taken actions to minimize non-recovery of accounts receivable, Cowealth Group is unable to eliminate such risks entirely. Inability to recover accounts receivable may affect Cowealth Group's profitability. To minimize the risk non-recoverability in accounts receivable, Cowealth Group has implemented a loss provisioning policy and adopted the practices of analyzing the recoverability of closing accounts receivable and making adequate provisions.

6. Market competition risks

Despite immense demand for medical services in China, there is such a high number of competitors that products (merchandises) without distinctive features or advantages can easily succumb to price cuts. This level of price sensitivity affects Cowealth Group's market share and profit margin to a certain degree.

However, medical institutions base their product purchasing decisions not solely on price, but more importantly on suppliers' ability to supply goods consistently and provide supporting services over time in a manner that complements and benefits the medical institution. In light of the current competitive landscape, Cowealth Group will try to avoid engaging directly in price competition, and will continually expand product line and services while at the same time develop advantages that are distinctive from other competitors, and thereby ensure growth in terms of business scale and profits.

7. Cybersecurity risk evaluation and analysis

Rapid development of online applications has resulted in a corresponding increase in the threat of network security. Today, network threats exist mostly in the forms of external attack/intrusion, internal attack or error, virus spread, and security vulnerability. Presence of the above threats makes network security an essential concern, for which the Company has developed security protection systems based on cybersecurity principles to protect its network and computer terminals, and thereby ensure proper functioning of business as well as financial information systems. For effective management of cybersecurity risk, the Company not only enforces information and communication management policies but also adopts rigorous practices including: (1) Checking system account access configurations for weak password and redundant authorizations; (2) Checking system audit logs for abnormal finding; (3) Checking network equipment configurations for proper segregation; (4) Using specialized software to check system vulnerabilities and weak passwords; and (5) Regular update of anti-virus software. In addition to the above measures, the Company also makes off-site backup arrangements for SAP database and routine system data to prevent permanent loss of valuable information. The abovementioned practices and backup arrangements are the cybersecurity risk management solutions that the Company adopts to raise the security of internal information. In 2022 and up until the publication date of annual report, the Company found no major cyber attack or incident that has or is likely to cause material adverse effect on operating or non-operating activities, and neither was the Company involved in any case of legal dispute, supervision, or investigation in this regard.

**VII. Other material issues: None**

**Eight. Any Occurrence of Event Defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Previous Year Up Until the Publication Date of Annual Report that Significantly Impacted Shareholders' Equity or Security Prices: Note applicable**

## Nine. Special Remarks

### I. Affiliated companies

(I) Affiliated enterprises chart: See page 6 for details

(II) Basic information on each affiliate:

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities or products
Cowearth Holding Co., Ltd.	July 5, 2007	Units 610-611,6/F, Tower2,Lippo Centre, 89 Queensway, Admiralty, Hong Kong	USD 26,130,000	General investments
Royal Seal Holding Co., Limited	May 21, 2013	Units 610-611,6/F, Tower2,Lippo Centre, 89 Queensway, Admiralty, Hong Kong	USD 15,580,000	Investment and sale of medical devices
Cowearth Investment Co., Ltd.	December 17, 2001	2F-4, No. 70, Section 5, Nanjing East Road, Songshan District, Taipei City	NTD 26,550,330	General investments
Wun-Wei Investment Co., Ltd.	December 21, 2001	3F, No. 163, Section 5, Nanjing East Road, Songshan District, Taipei City	NTD 13,695,000	General investments
Jie-Li Investment Co., Ltd.	December 21, 2001	4F, No. 5, Alley 28, Lane 30, Section 4, Chenggong Road, Neihu District, Taipei City	NTD 13,010,000	General investments
Le-Li Investment Co., Ltd.	December 21, 2001	2F-4, No. 70, Section 5, Nanjing East Road, Songshan District, Taipei City	NTD 12,674,970	General investments
Mark Investment Co., Ltd. (Note 1)	(Note 1)	(Note 1)	0	General investments
Cowearth Medical Science & Biotechnology Inc.	July 24, 1997	23F, No. 76, Section 2, Dunhua South Road, Da'an District, Taipei City	NTD 239,459,080	Holding of business investments

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities or products
Richtek Technology.Ltd.	August 27, 2004	Units 1405-1406, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong	HKD 2,317,000	China-domiciled Offshore Trading Company
Cowealth Medical China Co., Ltd.	October 24, 2000	Unit 606B, No. 118, Xinling Road, Free Economic Pilot Zone, China (Shanghai)	CNY 398,052,633	Trading of in vitro diagnostic products in China
Coaim Information Technology Co., Ltd. (Note 2)	October 11, 2005	Zone A, Unit 201, Block 12, No. 1001, Qinzhou North Road, Xuhui District, Shanghai	CNY 34,230,000	Software research and development, IT equipment maintenance, IT system maintenance business
Colab Reserch & Development Inc.	August 22, 2001	Zone B, Unit 1901, Block 12, No. 1001, Qinzhou North Road, Xuhui District, Shanghai	CNY 9,766,700	Offering of medical diagnosis equipment and sale of reagents and related parts and accessories.
CHM Consulting Co., Limited	November 7, 2000	Zone F, Unit 101, Block 12, No. 1001, Qinzhou North Road, Xuhui District, Shanghai	CNY 7,730,000	Offering of hospital management consultancy service; sale and production of Internet hardware, application software, and technologies relevant to the management of medical institution
Cowealth Holding Co.,Ltd.	March 18, 2002	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, CaymanIslands with postal address P.O. Box 712, Grand Cayman, KY1-9006, Cayman Islands	USD 2,512,000	General investments
Cowealth Investment Co., Ltd. (Note 3)	(Note 3)	(Note 3)	0	General investments
Health Space Consultation & Management (Shanghai) Co., Ltd.	March 14, 2019	Zone D, Unit 101, Block 12, No. 1001, Qinzhou North Road, Xuhui District, Shanghai	USD 7,622,240	Nutrition, health, and socioeconomic consultancy service.
U Health Business Management (Shanghai) Co., Ltd. (Note 4)	November 11, 2020	Zone E, Unit 101, Block 12, No. 1001, Qinzhou North Road, Xuhui District, Shanghai	0	Business management consultancy

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities or products
Cowealth Coshine Medical Tianjin Co., Ltd.	February 23, 2021	Unit 1-1405, Wufu Tower, southeast side of the junction between Heiniucheng Road and Dongting Road, Hexi District, Tianjin	CNY 1,000,000	Trading of in vitro diagnostic products in China
Cowealth Prosperity Medical Shandong Co., Ltd	2022.07.04	Room 102, 1F, No. 2, Luchangdong Street, Yuhuangmiao Township, Shanghe County, : Jinan City, Shandong Province	CNY 2,500,000	Trading of in vitro diagnostic products in China
Cowealth Medical Beijing Co., Ltd.	2022.08.11	Zone 1810C, 15F, No. 19A, Dongshanhuanbei Road, Chaoyang District, Beijing City	CNY 1,000,000	Hospital management, investment, enterprise management, economic information consultation business
Cowealth Medical Guangzhou Co., Ltd.	2022.08.26	Room 1916, No. 69, Xianliezhong Road, Yuexiu District, Guangzhou City	CNY 1,000,000	Hospital management, investment, enterprise management, economic information consultation business

Note 1: Mark Investment Co., Ltd. completed the liquidation on September 29, 2022.

Note 2: The original Cowealth Medical Technology (Shanghai) Co., Ltd. was renamed to " Coaim Information Technology Co., Ltd." on June 27, 2022.

Note 3: Cowealth Investment Co., Ltd. completed the liquidation on August 26, 2022.

Note 4: U Health Business Management (Shanghai) Co., Ltd. was founded in 2020 with a registered capital of RMB 23 million; no capital contribution has been made to date, and paid-up capital is currently 0, and the registration cancellation has been completed on April 7, 2023.

(III) Common shareholders between the controlling and the subordinate company: None

(IV) Businesses activities covered by affiliated enterprises

Name of entity	Main business activities or products	Job specialization
Cowealth Holding Co., Ltd.	General investments	Not applicable
Royal Seal Holding Co., Limited	Investment and sale of medical devices	Not applicable
Cowealth Investment Co., Ltd.	General investments	Not applicable
Wun-Wei Investment Co., Ltd.	General investments	Not applicable
Jie-Li Investment Co., Ltd.	General investments	Not applicable
Le-Li Investment Co., Ltd.	General investments	Not applicable
Cowealth Medical Science & Biotechnology Inc.	Holding of business investments	Not applicable
Cowealth Holding Co.,Ltd.	General investments	Not applicable
Health Space Consultation & Management (Shanghai) Co., Ltd.	Nutrition and health consultancy service	Not applicable
U Health Business Management (Shanghai) Co., Ltd	Business management consultancy	Not applicable
Richtek Technology.Ltd	China-domiciled Offshore Trading Company	Procurement of radiotherapy equipment outside China.

<b>Name of entity</b>	<b>Main business activities or products</b>	<b>Job specialization</b>
Cowealth Medical China Co., Ltd.	Trading of in vitro diagnostic products	Import, export, and sale of medical equipment, reagents, and related accessories in China.
Coaim Information Technology Co., Ltd.	Software research and development, IT equipment maintenance, IT system maintenance	Software research and development, IT equipment maintenance, IT system maintenance in China.
Colab Reserch & Development Inc.	Trading of in vitro diagnostic products	Technical consolation in the medical technology field, and sales of medical devices in China.
CHM Consulting Co., Limited	Hospital management consultancy service	Hospital management consultation, conference affairs services and exhibition services in China.
Cowealth Coshine Medical Tianjin Co., Ltd.	Trading of in vitro diagnostic products	Import, export, and sale of medical equipment, reagents, and related accessories in China.
Cowealth Prosperity Medical Shandong Co., Ltd	Trading of in vitro diagnostic products	Import, export, and sale of medical equipment, reagents, and related accessories in China.
Cowealth Medical Beijing Co., Ltd.	Hospital management, investment, enterprise management, economic information consultation	Enterprise management, consultation and planning services in China
Cowealth Medical Guangzhou Co., Ltd.	Hospital management, investment, enterprise management, economic information consultation	Enterprise management, consultation and planning services in China

## (V) Directors, supervisors, and President of affiliated companies:

Name of entity	Title	Name or name of representative	Shareholding	
			No. of shares	Shareholding percentage
Cowealth Holding Co., Ltd.	Director	Joyce Wang	-	0%
Royal Seal Holding Co., Limited	Director	Joyce Wang	-	0%
	Director	Duane Lee	-	0%
Cowealth Investment Co., Ltd.	Chairman	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Joyce Wang	2,655,033	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Chuan Chin	2,655,033	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Duane Lee	2,655,033	100%
	Supervisor	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Guang-Tsann Tsao	2,655,033	100%
Wun-Wei Investment Co., Ltd.	Chairman	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Joyce Wang	1,369,500	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Chuan Chin	1,369,500	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Duane Lee	1,369,500	100%
	Supervisor	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Guang-Tsann Tsao	1,369,500	100%
Jie-Li Investment Co., Ltd.	Chairman	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Joyce Wang	1,301,000	100%
Jie-Li Investment Co., Ltd.	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Chuan Chin	1,301,000	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Duane Lee	1,301,000	100%
	Supervisor	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Guang-Tsann Tsao	1,301,000	100%

Name of entity	Title	Name or name of representative	Shareholding	
			No. of shares	Shareholding percentage
Le-Li Investment Co., Ltd.	Chairman	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Joyce Wang	1,267,497	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Chuan Chin	1,267,497	100%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Duane Lee	1,267,497	100%
	Supervisor	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Guang-Tsann Tsao	1,267,497	100%
Cowealth Medical Science & Biotechnology Inc.	Chairman	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Joyce Wang	17,410,904	72.71%
	Director	Cowealth Medical Holding Co., Ltd. (Cayman Islands); Chuan Chin	17,410,904	72.71%
	Director	Cowealth Investment Co., Ltd.	2,357,568	9.85%
	Supervisor	Guang-Tsann Tsao	-	0%
Richtek Technology.Ltd	Director	Joyce Wang	-	0%
	Director	Chuan Chin	-	0%
Cowealth Medical China Co., Ltd.	Chairman	Duane Lee	-	0%
	Director and President	Joyce Wang	-	0%
	Director	Kenneth Tseng	-	0%
	Director	Yu-Ying Yang	-	0%
	Independent Director	Yung-Yao Lei	-	0%



Name of entity	Title	Name or name of representative	Shareholding	
			No. of shares	Shareholding percentage
	Independent Director	Stanley Yi Chang	-	0%
	Independent Director	Lu-Lu Chou	-	0%
	Supervisor	Yen Chen	-	0%
	Supervisor	Hsiao-Chun Yang	-	0%
	Supervisor	Chun-Hsiang Shen	-	0%
Coaim Information Technology Co., Ltd.	Executive Director	Duane Lee	-	0%
	President	Joyce Wang	-	0%
	Supervisor	Crystal Chen	-	0%
Colab Reserch & Development Inc.	Chairman	Joyce Wang	-	0%
	Director	Duane Lee	-	0%
	Director and President	Dick Yang	-	0%
	Supervisor	Crystal Chen	-	0%
CHM Consulting Co., Limited	Executive Director	Duane Lee	-	0%
	President	Joyce Wang	-	0%
	Supervisor	Crystal Chen	-	0%

Name of entity	Title	Name or name of representative	Shareholding	
			No. of shares	Shareholding percentage
Cowealth Holding Co.,Ltd.	Director	Duane Lee	-	0%
Health Space Consultation & Management (Shanghai) Co., Ltd.	Executive Director	Joyce Wang	-	0%
	President	Duane Lee	-	0%
U Health Business Management (Shanghai) Co., Ltd	Executive Director	Joyce Wang	-	0%
	President	Duane Lee	-	0%
Cowealth Coshine Medical Tianjin Co., Ltd.	Executive Director	Yen Chen	-	0%
	Hewlett-Packard Company	Chun-Na Wo	-	0%
	Supervisor	Ya-Fen Liu	-	0%
Cowealth Prosperity Medical Shandong Co., Ltd	Chairman	Yi Chen	-	0%
	Hewlett-Packard Company	Chih-Yuan Chang	-	0%
	Supervisor	Yen Chen	-	0%
Cowealth Medical Beijing Co., Ltd.	Executive Director	Yen Chen	-	0%
	Hewlett-Packard Company	Yen Chen	-	0%
	Supervisor	Chun-Hsiang Shen	-	0%

Name of entity	Title	Name or name of representative	Shareholding	
			No. of shares	Shareholding percentage
Cowealth Medical Guangzhou Co., Ltd.	Executive Director	Yen Chen	-	0%
	Hewlett-Packard Company	Yen Chen	-	0%
	Supervisor	Chun-Hsiang Shen	-	0%

(VI) Performance of affiliated companies:

Unit: NTD thousands

Name of entity	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit	Current net income/loss (after-tax)	Earnings per share (\$) (after-tax)
Cowealth Holding Co., Ltd.	3,130,341	162,289	2,968,052	-	-118	152,136	Not applicable
Royal Seal Holding Co., Limited	757,141	359,219	397,922	15,242	-8,558	-53,219	Not applicable
Cowealth Investment Co., Ltd.	35,390	-	35,390	-	-41	-1,453	Not applicable
Wun-Wei Investment Co., Ltd.	17,196	-	17,196	-	-41	-671	Not applicable
Jie-Li Investment Co., Ltd.	18,303	-	18,303	-	-39	-709	Not applicable
Le-Li Investment Co., Ltd.	17,977	-	17,977	-	-47	-728	Not applicable
Mark Investment Co., Ltd. (Note 1)	-	-	-	-	-99	-702	Not applicable
Cowealth Medical Science & Biotechnology Inc.	237,289	45,137	192,152	-	-9,142	-14,348	Not applicable
Richtek Technology.Ltd	6,622	176	6,446	-	-227	-2,664	Not applicable
Cowealth Medical China Co., Ltd.	6,779,395	1,515,041	5,264,354	5,546,754	447,610	322,324	Not applicable
Coaim Information Technology Co., Ltd. (Note 2)	166,845	9,628	157,217	30,277	-4,856	8,399	Not applicable

Name of entity	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit	Current net income/loss (after-tax)	Earnings per share (\$) (after-tax)
Colab Reserch & Development Inc.	290,417	164,465	125,952	263,361	39,149	29,694	Not applicable
CHM Consulting Co., Limited	50,950	2,132	48,818	25,056	10,766	9,176	Not applicable
Cowealth Holding Co.,Ltd.	212,306	77,692	134,614	-	-190	-16,266	Not applicable
Cowealth Investment Co., Ltd. (Note 3)	-	-	-	-	-143	2,474	Not applicable
Health Space Consultation & Management (Shanghai) Co., Ltd.	162,413	2,903	159,510	-	-17,117	-11,642	Not applicable
U Health Business Management (Shanghai) Co., Ltd. (Note 4)	-	-	-	-	-	-	Not applicable
Cowealth Coshine Medical Tianjin Co., Ltd.	4,140	790	3,350	4,627	-378	-326	Not applicable
Cowealth Prosperity Medical Shandong Co., Ltd	15,043	3,748	11,295	4,934	263	297	Not applicable
Cowealth Medical Beijing Co., Ltd.	10,536	13,798	-3,262	-	-10,112	-7,691	Not applicable
Cowealth Medical Guangzhou Co., Ltd.	4,794	3,556	1,238	-	-4,235	-3,174	Not applicable

Note 1: Mark Investment Co., Ltd. completed the liquidation on September 29, 2022.

Note 2: The original Cowealth Medical Technology (Shanghai) Co., Ltd. was renamed to " Coaim Information Technology Co., Ltd." on June 27, 2022.

Note 3: Cowealth Investment Co., Ltd. completed the liquidation on August 26, 2022.

Note 4: U Health Business Management (Shanghai) Co., Ltd. was founded in 2020 with a registered capital of RMB 23 million; no capital contribution has been made to date, and paid-up capital is currently 0, and the registration cancellation has been completed on April 7, 2023.

(VII) Consolidated financial statements of affiliated companies: Same as consolidated financial statements of parent and subsidiaries.

- II. Private placement of securities in the last year up until the publication date of annual report: None.**
- III. Holding or disposal of the Company's shares by subsidiaries in the last year, up until the publication date of annual report: None.**
- IV. Other material issues: None.**
- V. Explanation to material differences between Articles of**

## Incorporation and shareholder protection rules:

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
1.	<p>(1) The Company may not reduce capital or retire outstanding shares unless resolved in a shareholder meeting; the reduction of capital must be proportional to shareholders' holding percentage.</p> <p>(2) The amount of reduced capital can be returned in properties other than cash. The form and equivalent value of properties returned are subject to shareholders' resolution and consent of individual shareholders who will be receiving the properties.</p> <p>(3) The board of directors shall engage a R.O.C-registered CPA to certify the equivalent value of the above properties and the number of shares represented prior to the convention of shareholder meeting.</p>	Article 168 of The Company Act	<p>Article 10.6 of the Articles of Incorporation reads: "Notwithstanding Articles 10.1 to 10.5, the Company may, without violating regulations or Public Company Rules, execute a compulsory redemption or buyback of Company shares for retirement, subject to ordinary resolution in a shareholder meeting. Unless otherwise specified in regulations or Public Company Rules, these redemptions or buybacks shall be executed according to shareholders' ownership percentages. Payment of share redemption or buyback (if any) is subject to ordinary resolution, and shall be made in the form of cash or eligible properties. In cases where (a) the redeemed or repurchased shares are to be retired and are not kept as treasury stock, and that (b) shareholders are paid properties other than cash, the type, value, and quantity of property used for payment must be: (i) audited and certified by a CPA registered in The Republic of China before shareholder meeting resolution; and (ii) agreed by shareholders who will be receiving the property." This provision differs slightly from the shareholder protection issues shown on the left, as The Companies Act of The Cayman Islands stipulates that any decision involving a reduction in the number of outstanding shares is subject to special resolution in a shareholder meeting and confirmation by the court of The Cayman Islands before proceeding. With regards to this discrepancy, Article 10.6 of the Articles of Incorporation pertains specifically to the reduction of capital through share buyback, and the discrepancy had arisen due to the terms of The Companies Act of The Cayman Islands. Nevertheless, the Articles of Incorporation does not impose restriction on the capital reduction procedures.</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
2.	<p>(1) Procedures for signing of employee warrant contract or issuance of employee warrant with employees.</p> <p>(2) The share subscription warrant obtained by any employee of the issuing company shall be non-assignment, except to the heir(s) of the said employee.</p>	Article 167-2 of The Company Act	Although Articles 11.1 to 11.4 of the Articles of Incorporation have been amended to accommodate the shareholder protection issues shown on the left, the laws of The Cayman Islands require all restrictions on the transfer of employee warrants to be specified in the employee warrant contract or printed on the warrant certificate.
3.	<p>1. Annual general meetings shall be convened at least once a year at a time no later than six months after the end of a financial year. Shareholder meetings are to be convened by the board of directors.</p> <p>2. The Company may state in its Articles of Incorporation that shareholder meetings can be held by means of video conference or other methods stipulated by the authority of The Republic of China. In the event of natural disaster, manmade incident, or force majeure, the authority of The Republic of China may issue an announcement that allows the Company to convene such meeting by way of video conference or other methods within a given period of time, without amending the Articles of Incorporation.</p> <p>3. If a shareholder meeting is convened by way of video conference, shareholders who participate in the meeting using video conferencing are considered to have attended the meeting in person.</p> <p>4. In circumstances where shareholder meeting is held by way of video conference, the Company shall comply with securities regulations of The Republic of China with respect to the requirements, procedures, and other compliance matters relating to such meeting.</p> <p>5. Physical shareholder meetings should be convened within the borders of The Republic of China. If physical meetings</p>	<p>(1) Article 170 of The Company Act</p> <p>(2) Article 172-2 of The Company Act</p> <p>(3) Article 172-1 of The Company Act</p> <p>(4) Paragraphs 1 and 2, Article 173 and Article 173-1 of The Company Act</p> <p>(5) Article 172 of The Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act</p>	<p>The Company is a Cayman Islands exempted company. Although it is not required to convene shareholder meetings on a yearly basis according to The Companies Act of The Cayman Islands, it does specify in Article 16.2 of the Articles of Incorporation that: "The Company shall convene an annual general meeting within six months after the end of an accounting year, and provide relevant details in the shareholder meeting advice. The board of directors shall make relevant reports (if any) in shareholder meetings. "</p> <p>Other matters are covered in Articles 16.2-16.9, 17.5, 18.9, and 35 of the Articles of Incorporation.</p> <p>According to "Q&amp;A on first-time TPEX listing for foreign enterprises" published by Taipei Exchange on August 15, 2013: "Foreign issuers should specify in the Articles of Incorporation the minority shareholders' rights to convene extraordinary shareholder meetings, provided that they do not contradict the laws of the place of registration. Meanwhile, provisions concerning applicable authority for convention of shareholder meeting can be omitted. " For this reason, Article 16.8 of the Articles of Incorporation states that: "If the board does not issue an advice for the extraordinary general meeting within 15 days after requests were raised by the aforementioned shareholders, the requesting shareholders may, subject to compliance with Public Company Rules, convene the extraordinary general meeting on their own accord. "</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>were to be convened outside The Republic of China, the Company must notify Taipei Exchange and obtain consent within two days after board of directors' resolution or after shareholders obtain convention permit from the local authority.</p> <p>6. Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose, in writing or electronic form, motions for discussion in annual general meetings. The board of directors shall accept shareholders' proposals as motions unless: the proposing shareholder holds less than 1% of outstanding shares; the motion can not be resolved in a shareholder meeting; the motion is raised outside the acceptance period; the motion exceeds 300 words; or more than one motion is proposed by the same shareholder. However, shareholders' suggestions that are intended to enhance the Company's efforts toward public interest or social responsibilities may still be accepted as motions by the board of directors.</p> <p>7. Shareholders who own 3% or more of outstanding shares for a continuous period of one year or longer may request to have the board of directors convene extraordinary shareholder meeting, by stating their agenda and reasons in writing. If the board of directors does not issue a meeting advice within 15 days after the request, shareholders may seek the authority's permission to convene meeting on their own accord.</p> <p>8. Shareholders who collectively own more than half of outstanding shares for three consecutive months or longer may convene extraordinary general meetings in their own accord. Holding duration and</p>		



Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>the number of shares held shall be calculated based on shareholding as of book closure.</p> <p>9. The following matters must be listed and explained in the shareholder meeting advice, and can not be raised in the form of special motion. The advice can be served by posting relevant details onto the website designated by the securities authority or the Company and by sharing a URL to the webpage:</p> <ol style="list-style-type: none"> <li>(1) Election or dismissal of directors or supervisors;</li> <li>(2) Amendments to the Articles of Incorporation;</li> <li>(3) Capital reduction;</li> <li>(4) Cessation of status as a public company;</li> <li>(5) Liquidation, merger, share exchange, and divestment;</li> <li>(6) Establishment, modification, or termination of agreements that involve the leasing, mandate, or co-management of the entire business;</li> <li>(7) Transfer of entire or major businesses or properties;</li> <li>(8) Acceptance of full business or property from another party that has significant effect on the Company's operations;</li> <li>(9) Private placement of securities with equity characteristics;</li> <li>(10) Permission for directors' competing business involvement;</li> <li>(11) Payment of dividends and profit sharing wholly or partially in newly issued shares;</li> <li>(12) Distribution of special reserve and capital reserve from shares issued at premium or gifts received to existing shareholders in</li> </ol>		

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	the form of new shares or cash.		
4.	<p>(1) The Company shall prepare documents and information including the meeting advice, proxy form, a detailed agenda explaining the topics to be acknowledged or discussed during the meeting, details on the election or dismissal of directors or supervisors, and summary and explanation of various motions, and publish them at least 30 days before an annual general meeting, or 15 days before an extraordinary general meeting.</p> <p>(2) If the Company chooses postal voting for general meeting, then all information listed in the preceding Paragraph and the physical ballots will have to be mailed to shareholders beforehand.</p> <p>(3) Before convention of general meeting, the Company shall prepare and publish a conference handbook along with other information relating to the meeting at least 21 days before an annual general meeting or 15 days before an extraordinary general meeting. However, if the Company reports NT\$10 billion of paid-up capital or above at the end of the most recent financial year, or if shares of the Company are held by foreign or Mainland investors for an aggregate percentage of 30% or more, as shown in the shareholders registry of the most recent annual general meeting, such electronic files shall be sent</p>	Articles 5 and 6 of Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies	The Company plans to amend its Articles of Incorporation and include the shareholder protection issues shown on the left into Article 17.4 during the 2023 annual general meeting.

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	30 days before the annual general meeting.		
5.	<p>(1) The Company shall include electronic vote as one of the available voting methods in general meetings</p> <p>(2) Instructions on how to exercise voting rights in writing or through electronic means shall be stated clearly in the meeting advice. Shareholders who opt to exercise voting rights in writing or using electronic method are considered to have participated in the general meeting in person. However, they are considered to have waived their rights to participate in any special motion or any amendment to the original discussion that may arise during the general meeting.</p> <p>(3) Shareholders' written and electronic voting instructions shall be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, this excludes situations where a proper declaration is issued to withdraw the previous arrangement.</p> <p>(4) Shareholders who wish to attend the shareholder meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn</p>	<p>(1) Article 177-1 of The Company Act</p> <p>(2) Article 177-2 of The Company Act</p> <p>(3) Article 178 of The Company Act</p> <p>(4) Article 179 of The Company Act</p> <p>(5) Article 180 of The Company Act</p>	<p>According to Article 19.6 of the Articles of Incorporation: "A Member exercising voting power by way of a written ballot or by way of an electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document."</p> <p>Although shareholders who exercise voting right using these methods are not considered to have attended general meeting in person under the laws of The Cayman Islands, these shareholders are still entitled to the rights of written or electronic vote under the laws of The Republic of China.</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>before the cutoff time.</p> <p>(5) Shareholders can not vote, or vote on behalf of other shareholders, on any motion that poses a conflict between their own interests and interests of the Company. The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.</p> <p>(6) Unless otherwise stipulated in the Articles of Incorporation, shareholders shall be entitled to one voting right for every share held.</p> <p>(7) Shares that meet any of the following conditions carry no voting right. Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution:</p> <p>(8) Shares of the Company that are legally held by itself.</p> <p>(9) Shares that are held by subordinate companies in which the Company controls more than half of voting rights or contributes more than half of total capital.</p> <p>(10) Shares that are held by other companies in which the Company's controlling entity and subordinate companies thereof jointly control more than half of voting rights or contribute more than half of total capital, whether directly or indirectly.</p>		
6.	<p>If convention or resolution of a general meeting is in violation of laws or the Articles of Incorporation, shareholders may seek the court's order to annul the resolution made during the meeting, and designate Taiwan Taipei District Court as the court of jurisdiction.</p>	<p>Article 189 of The Company Act</p>	<p>According to Article 18.7 of the Articles of Incorporation: "No part of the Articles of Incorporation shall prevent any shareholder from seeking legal intervention with a court of proper jurisdiction for improperly convened general meeting or improperly resolved resolution. Taiwan Taipei District Court shall be the court of first instance for any dispute arising in relation to the above." There is slight discrepancy with the shareholder protection issues shown on</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
			<p>the left. The shareholder protection issues shown on the left actually pertain to shareholders' rights to lawsuit, which can only be conferred by the laws, and not through the Articles of Incorporation. Although Article 18.7 of the Articles of Incorporation is slightly discrepant from the shareholder protection issues on the left, it does not hinder shareholders' rights to file for litigation or seek remedy from court for improperly convened general meeting or improperly resolved resolution. Whether the court chooses to annul the resolutions for violation of convention procedures or for non-conformity with the Articles of Incorporation shall depend on the case (whether it falls within the jurisdiction of The Republic of China, The Cayman Islands, or other countries) and the question of whether there are laws that give shareholders the right to lawsuit. This discrepancy has arisen due to the nature of shareholders' rights to lawsuit, and the Articles of Incorporation does not restrict shareholders' rights to file for lawsuit or seek remedy with court in any way.</p>
7.	<p>The following motions that are significant to shareholders' interests should be resolved in a general meeting where more than two-thirds of outstanding shares are represented, and voted in favor by more than half of all voting rights represented during the meeting. If the number of represented shares falls short of the above requirement, the decision can be passed alternatively with the consent of two-thirds of voting rights represented in a general meeting where more than half of total outstanding shares are represented:</p> <p>(1) Company establishment; amendment or termination of any contract that involves a total lease, outsourcing, or joint management of the Company's business activities; total or major transfer of the Company's operations or properties; and acceptance for the entirety of</p>	<p>(1) Article 185 of The Company Act  (2) Article 209 of The Company Act  (3) Article 227 of The Company Act  (4) Article 277 of The Company Act  (5) Paragraph 1, Article 240 of The Company Act  (6) Article 316 of The Company Act  (7) Article 43-6 of the Securities and Exchange Act  (8) Article 29 of the Business Mergers And Acquisitions Act</p>	<p>1. Article 1.1 of the Articles of Incorporation  (1) Terms of the Articles of Incorporation  According to Article 1.1 of the Articles of Incorporation, a special resolution: "Refers to a resolution that is supported by at least two-thirds of voting rights represented in a general meeting. Shareholders may exercise voting rights in person or through authorized proxies (if proxies are permitted, the shareholder meeting advice must specify that the motion in question involves a special resolution." According to The Companies Act of The Cayman Islands, matters that require special resolution include, but are not limited to: (i) Change of company name, and change or exemption of company name in a second language; (ii) Amendment or establishment of the Articles of Incorporation; (iii) Amendment or addition to the outline of the Articles of Incorporation regarding the purpose, authority, or other special disclosures; (iv) Reduction of company capital and capital redemption reserve, as approved</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>operations or properties of an external party, which has significant effect on the Company's operations;</p> <p>(2) Amendments to the Articles of Incorporation</p> <p>(3) Any amendment to the Articles of Incorporation that negatively impacts preferred shareholders' interests will have to be resolved in a general meeting of preferred shareholders</p> <p>(4) Payment of dividends and profit sharing wholly or partially in newly issued shares</p> <p>(5) Liquidation, merger, or divestment</p> <p>(6) Issuance of new employee restricted shares</p> <p>(7) Share exchange</p>		<p>by court or authorized under the Articles of Incorporation; and (v) Voluntary liquidation for reasons other than inability to settle maturing debts. Furthermore, Article 18.1 of the Articles of Incorporation reads: "No resolution can be made in a general meeting unless the attending shareholders represent at least the minimum number of shares. Unless otherwise specified in the Articles of Incorporation, a general meeting is deemed to have reached the minimum representation requirement if more than half of total outstanding shares are represented on-site, whether in-person by shareholders or through proxies." In other words, a special resolution can only be made if shareholders representing more than half of total outstanding shares have attended the meeting, whether in-person or through proxies, and that the motion is supported by at least two-thirds of voting rights from attending shareholders (including proxies).</p> <p>(2) Cause of difference Special resolution is a concept regulated in The Companies Act of The Cayman Islands, and the law requires certain decisions to be made only through special resolution according to the terms of the Articles of Incorporation, and any special resolution that does not meet the minimum requirements stipulated in The Companies Act of The Cayman Islands is deemed ineffective. For this reason, certain shareholder protection issues in the Articles of Incorporation that require special (super majority) resolution under The Companies Act of The Cayman Islands have been highlighted and mentioned in a separate chapter titled "Super Majority Resolution" in the Articles of Incorporation.</p> <p>2. Article 14.3 of the Articles of Incorporation</p> <p>(1) Terms of the Articles of Incorporation: Article 14.3 of the Articles of Incorporation reads: "Subject to compliance with the minimum representation requirements stipulated in laws, the Articles of Incorporation, and Public Company Rules, liquidation of the Company shall be resolved in the following manner: (a) By way of an</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
			<p>ordinary resolution if the Company liquidates voluntarily due to inability to settle debts upon maturity; or (b) By way of a special resolution if the Company liquidates voluntarily for reasons other than those mentioned in Subparagraph (a) of Article 14.3 above. " There is slight discrepancy from the shareholder protection issues on the left, as the Articles of Incorporation allows liquidation to be resolved by way of "ordinary resolution" or "special resolution" depending on the cause, whereas the shareholder protection issue requires "super major resolution" without exception.</p> <p>(2) Cause of difference: The Companies Act of The Cayman Islands requires special resolution for voluntary liquidation due to any reason other than inability to settle maturing debts, and requires ordinary resolution due to inability to settle maturing debts. The difference is given rise by The Companies Act of The Cayman Islands. Although being able to resolve "voluntary resolution for inability to settle maturing debts" involves a lower threshold than is required in the shareholder protection issue, the discrepancy is caused by laws of the Cayman Islands and applies only to special circumstances.</p>
8.	<p>(1) Directors (excluding independent directors) or supervisors of the Company are dismissed by default if they transfer more than half of their initial shareholding when elected at any time during the term of service.</p> <p>(2) Elected directors (excluding independent directors) or supervisors of the Company who is found to have transferred away more than half the quantity of the Company's shares held as of the time elected, whether before assuming duty or during the book closure period prior to general meeting, shall have their elected positions recalled.</p>	Articles 197 and 227 of The Company Act; Article 14-2 of the Securities and Exchange Act	The Companies Act of The Cayman Islands does not specifically require directors to hold shares in the companies they serve (whether before or after election). For this reason, any rules concerning directors' shareholding requirement, recall of elected position, or dismissal of duty will have to be outlined in the Articles of Incorporation.
9.	Unless specified in the Articles of Incorporation, directors'	Paragraph 1, Article 196 of The Company Act	Although the Company does not specify the level of director remuneration in the

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	remuneration shall be determined in a general meeting and can not be approved upfront and acknowledged on a later date.		Articles of Incorporation or impose rules to have such decision resolved in a general meeting, the board of directors has assembled a Remuneration Committee in accordance with Interpretation No. Shang-09302030870 issued by the Ministry of Economic Affairs on March 8, 2004 and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."
10.	If a director is suspected to have acted against the Company's interests or performed duties in violation of laws or the Articles of Incorporation by a significant extent but no resolution is made at a general meeting to remove the director from duty, shareholders representing 3% or more of total outstanding shares may seek the court's intervention to remove the director from duty within 30 days after the general meeting, and designate Taiwan Taipei District Court as the court of jurisdiction.	Article 200 of The Company Act	<p>Terms of the Articles of Incorporation:</p> <p>(1) According to Article 28.2(i) of the Articles of Incorporation:  "Shareholders representing 3% or more of totaling outstanding shares may, within 30 days after the date of general meeting resolution, seek intervention from the court of appropriate jurisdiction at the Company's expense to dismiss any director who has acted against the Company's interests by a significant degree or performed duties in severe violation of laws, policies, or summary or terms of the Articles of Incorporation but is not dismissed with a super majority resolution. If the court of appropriate jurisdiction rules in favor of the director's dismissal, the director shall be dismissed from duty with immediate effect. For the avoidance of doubt, if a court has the jurisdiction to rule over all the matters mentioned above in one single or a series of legal proceedings, the ultimate final ruling shall prevail. ” There is slight discrepancy with the shareholder protection issues shown on the left.</p> <p>(2) Cause of difference:  The Companies Act of The Cayman Islands does not specifically permit minority shareholders to seek intervention from the court of The Cayman Islands for the dismissal of directors. Since derivative suit is rarely mentioned in common law, it has been specified in the Articles of Incorporation that shareholders are required to file lawsuit with a court of appropriate</p>



Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
			jurisdiction. However, shareholders may still dismiss directors by following the procedures stated in the Articles of Incorporation.
11.	<ol style="list-style-type: none"> <li>(1) Supervisors, if any, shall be elected in a general meeting, and at least one supervisor must have a domestic residence.</li> <li>(2) Supervisors shall serve a term no longer than three years. The term of service may be renewed if re-elected.</li> <li>(3) In the event that supervisors are entirely dismissed from duty, the board of directors shall convene an extraordinary general meeting within 60 days to elect for the shortfall.</li> <li>(4) Supervisors are responsible for supervising operations of the Company, and may review business and financial performance records at any time, audit/transcribe/duplicate books and documents, and request to have the board of directors or managers present reports.</li> <li>(5) Supervisors shall audit various reports that the board of directors prepares for general meeting, and present their opinions in the general meeting.</li> <li>(6) Supervisors may engage CPAs and attorneys in the Company's name to perform various audits.</li> <li>(7) Supervisors may be invited to present opinions in board of directors meetings. Supervisors shall notify the board of directors or directors to cease any conduct that violates laws, the Articles of Incorporation, or general meeting resolution when performing duties.</li> <li>(8) Supervisors may exercise supervisory duties in</li> </ol>	Articles 216 to 222 of The Company Act	According to Subparagraph 2, Paragraph 1, Article 14 of Taipei Exchange Rules Governing the Review of Foreign Securities for Trading on the TPEX: "The applicant company shall either assemble an Audit Committee or appoint supervisors. " The Company has already assembled an Audit Committee that consists of the entirety of independent directors and is not required to appoint supervisors. For this reason, the Articles of Incorporation does not address the shareholder protection issues shown on the left.

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>individual capacity.</p> <p>(9) Supervisors are not allowed to assume concurrent position as the Company's director, manager, or employee.</p>		
12.	<p>(1) Shareholders who hold 1% or more of outstanding shares continually for six months or longer are entitled to issue a written request to the supervisor to take legal action against the company's director, and designate Taiwan Taipei District Court as the court of litigation.</p> <p>(2) If no legal action is taken by the supervisor within 30 days of request, the shareholder may take legal action on the company's behalf, and designate Taiwan Taipei District Court as the court of litigation.</p> <p>(3) If the board of directors does not or is unable to convene a general meeting, supervisors may, for the best interest of the Company, convene the meeting out of necessity.</p>	Articles 200, 214, 220, and 227 of The Company Act	<p>Article 25.6 of the Articles of Incorporation.</p> <p>According to Subparagraph 2, Paragraph 1, Article 14 of Taipei Exchange Rules Governing the Review of Foreign Securities for Trading on the TPEX: "The applicant company shall either assemble an Audit Committee or appoint supervisors." The Company has already assembled an Audit Committee that consists of the entirety of independent directors and is not required to appoint supervisors. For this reason, the Articles of Incorporation does not address the shareholder protection issues pertaining to supervisors shown on the left.</p>
13.	<p>Directors or supervisors (applicable if the Company has supervisors in place) who have pledged more than 50% of their shareholding positions as of the time elected as collaterals will not be allowed to exercise voting rights on pledged shares that exceed the 50% limit. The excess shares will also be excluded from the calculation of total voting rights represented.</p>	Article 197-1 and Article 277 of The Company Act	<p>Article 24.3 of the Articles of Incorporation.</p> <p>Furthermore, according to Subparagraph 2, Paragraph 1, Article 14 of Taipei Exchange Rules Governing the Review of Foreign Securities for Trading on the TPEX: "The applicant company shall either assemble an Audit Committee or appoint supervisors." The Company has already assembled an Audit Committee that consists of the entirety of independent directors and is not required to appoint supervisors. For this reason, the Articles of Incorporation does not address the shareholder protection issues shown on the left.</p>
14.	<p>(1) Directors of the Company shall exercise the duty of care as prudent managers when performing duties, and be held responsible for compensating any damage caused to the Company as a result of their actions. If these actions are committed</p>	Paragraphs 2 and 3, Article 8 and Article 23 of The Company Act	<p>Article 26.5 of the Articles of Incorporation.</p> <p>Under the laws of The Cayman Islands, parties that suffer losses as a result of director's violation against legal obligations while performing duties do not always have the right to make direct claims against the director. Even if the Articles of Incorporation states that</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>for self interest or the interest of others, shareholders may resolve in a general meeting to treat income from such actions as income of the Company.</p> <p>(2) Directors of the Company shall be held jointly responsible for any violation against laws committed during duty that renders the Company liable to compensate the loss of others.</p> <p>(3) Managers and supervisors of the Company shall be held equally liable for compensations as do the directors when performing duties.</p>		<p>directors are jointly responsible for the Company's liabilities, it is not fully certain whether this basis of claim can be established under laws.</p> <p>Furthermore, although Article 26.5 of the Articles of Incorporation states that the obligation also applies to managers, the laws of The Cayman Islands require separate contracts to be established with managers on this matter. For this reason, it is essential for the Company to sign separate contracts with managers in order to enforce the shareholder protection issues shown on the left.</p>
15.	<p>Shareholders that are corporate entities may assign their representatives to be elected as directors or supervisors. If a corporate shareholder has multiple representatives, the corporate shareholder may assign the representatives to be elected for individual positions, but can not have representatives elected for director and supervisor roles at the same time.</p>	<p>Paragraph 2, Article 27 of The Company Act</p>	<p>Article 27.4 of the Articles of Incorporation.</p> <p>According to Subparagraph 2, Paragraph 1, Article 14 of Taipei Exchange Rules Governing the Review of Foreign Securities for Trading on the TPEX: "Foreign issuers shall either assemble an Audit Committee or appoint supervisors." The Company has already assembled an Audit Committee that consists of the entirety of independent directors and is not required to appoint supervisors. For this reason, the Articles of Incorporation does not cover rules on supervisors.</p>
16.	<p>1. When the shareholders' meeting reaches a resolution on one of the following matters, a shareholder raising objection shall have the right to request the company to buy back his or her shares:</p> <p>(1) Demerger, merger, acquisition or share exchange of the Company;</p> <p>(2) Company establishment; amendment or termination of any contract that involves a total lease, outsourcing, or joint management of the Company's business activities; total or major transfer of the Company's operations or properties; or acceptance for the entirety of operations or properties of an external party, which has significant effect on the</p>		<p>The Company plans to amend its Articles of Incorporation and include the shareholder protection issues shown on the left into Articles 22.1 and 22.3 during the 2023 annual general meeting.</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>Company's operations.</p> <p>2.The shareholder filing a request under the preceding paragraph shall make it in writing within 20 days since the resolution of the general meeting is made, and specify the price for buying back. If the Company and shareholder reach an agreement about the price of buying back, the Company shall pay for the shares within 90 days since the resolution of the shareholders' meeting is made. In case no agreement is reached, the Company shall pay the fair price it has recognized to the dissenting shareholder who asks for a higher price within 90 days since the resolution of the general meeting is made. If the Company fails to make payment, the Company shall be considered to be agreeable to the price requested by the shareholder.</p> <p>3.For a shareholder votes against or waives his or her voting right during a shareholders' meeting such that he or she may request the Company to buy back all of his or her shares in accordance with the matters specified in Subparagraph 1 of Paragraph 1, in case no agreement is reached within 60 days since the resolution of the general meeting or the board meeting is made, the Company shall apply to the court for a ruling on the fair price against all the dissenting shareholder as the opposing party within 30 days after that duration, and Taiwan Taipei District Court may be the competent court for the litigation.</p> <p>4.The number of shares held by shareholders waiving their voting rights shall be excluded from the calculation of total voting rights.</p>		
17.	<p>1.A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest. In the merger/acquisition by the</p>		<p>The Company plans to amend its Articles of Incorporation and include the shareholder protection issues shown on the left into Article 30.5 during the 2023 annual general meeting.</p>

Item No.	Important issues concerning shareholder protection	Relevant rules of The Company Act or Securities and Exchange Act	Terms of the Articles of Incorporation and causes of deviation
	<p>Company, a director who has a personal interest in the transaction of merger/acquisition shall explain to the board meeting and the general meeting the essential contents of such personal interest and the cause of approval or dissent to the resolution of merger/acquisition. The Company shall itemize the essential contents of a director's personal interest and the cause of approval or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a meeting of shareholders; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs of R.O.C. or the Company, and the address of such website shall be indicated in the above notice.</p>		

## VI. Other supplementary information:

The Company has amended its "Procedures for Acquisition or Disposal of Assets" to conform with the commitments it made to Taipei Exchange at the time of TPEX listing. Any subsequent amendments to the procedures will have to be disclosed as material information over Market Observation Post System and reported to Taipei Exchange on record. Details are as follows:

Except in the case of strategic alliance or with the consent of Taipei Exchange and approved by the board of directors in a special resolution:

I. The Company may not forgo subscription of future cash issues of its subsidiaries including Cowealth Investment Co., Ltd., Wun-Wei Investment Co., Ltd., Jie-Li Investment Co., Ltd., Le-Li Investment Co., Ltd., Mark Investment Co., Ltd., Cowealth Holding Co., Ltd., Cowealth Medical Science & Biotechnology Inc., and **Richtek Technology Ltd.**;

II. Cowealth Holding Co., Ltd. may forgo subscription of future cash issues of the Company's indirectly held subsidiary - Cowealth Medical China Co., Ltd. (referred to as "Cowealth China" below) and in doing so reduce shareholding position in Cowealth China, provided that the Company holds at least 51% of equity in Cowealth China and maintains substantive control over the management decisions of Cowealth China.

III. Cowealth Holding Co., Ltd. may not forgo subscription of future cash issues of the Company's indirectly held subsidiaries Health Space Consultation & Management (Shanghai) Co., Ltd. and U Health Business Management (Shanghai) Co., Ltd.;

IV. Cowealth Medical Science & Biotechnology Inc. may not forgo subscription of future cash issues of the Company's indirectly held subsidiary **Cowealth Holding Co., Ltd.**;

V. **Cowealth Holding Co., Ltd.** may not forgo subscription of future cash issues of the Company's indirectly held subsidiary **Cowealth Investment Co., Ltd.**;

VI. Cowealth Medical China Co., Ltd. may not forgo subscription of future cash issues of the Company's indirectly held subsidiaries Coaim Information Technology Co., Ltd., Royal Seal Holding Co., Limited, and Colab Research & Development Inc.;

VII. Royal Seal Medical Technology (Shanghai) Co., Ltd. may not forgo subscription of future cash issues of the Company's indirectly held subsidiary Coaim Information Technology Co., Ltd.;

VIII. The Company shall not dispose of shares in directly or indirectly held subsidiaries including Cowealth Investment Co., Ltd., Wun-Wei Investment Co., Ltd., Jie-Li Investment Co., Ltd., Le-Li Investment Co., Ltd., Mark Investment Co., Ltd., Royal Seal Holding Co., Limited, Cowealth Holding Co., Ltd., Cowealth Medical Science & Biotechnology Inc., **Richtek Technology Ltd.**, Health Space Consultation & Management (Shanghai) Co., Ltd., U Health Business Management (Shanghai) Co., Ltd., Cowealth Medical China Co., Ltd., **Co-wealth Holding Co., Ltd.**, Hekang Biology Technology Development (Shanghai) Co., Ltd., **Cowealth Investment Co., Ltd.**, CHM Consulting Co., Limited (former Heyi Information Technology Development Co., Ltd.), and Coaim Information Technology Co., Ltd.

Cowearth Medical Holding Co., Ltd.  
Cowearth Medical Holding Co., Ltd.  
Declaration of Internal Control System

Date: March 21, 2022

The following declaration was made based on the 2022 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Declaration was passed unanimously without objection by all 9 directors present at the board meeting dated March 21, 2023.

Cowearth Medical Holding Co., Ltd.

Chairman: Joyce Wang

President: Duane Lee

## Summary of board motions

Board and session/time	Major resolutions
The 7th board The 15th meeting January 27, 2022	I. Cash issue in subsidiary - Cowealth Medical China Co., Ltd.
The 7th board The 16th meeting February 21, 2022	I. The Company's donation to related parties in 2022 II. External party lending limits for the Company and subsidiaries III. Endorsement/guarantee seal IV. Determination of details concerning the Company's 2022 annual general meeting
The 7th board The 17th meeting March 21, 2022	I. Presentation of the Company's 2021 financial statements and business report II. Presentation of the Company's 2021 earnings appropriation III. Allocation of 2021 employee remuneration and director remuneration IV. Recommendation for directors' and managers' compensation for 2022 V. Managers' performance bonus VI. Issuance of 2021 Declaration of Internal Control System VII. Appointment of financial statement auditor VIII. Independence and suitability assessment for the financial statement auditor IX. Application of banking credit limits for the Company and subsidiaries X. Loans to external parties by the Company and subsidiaries XI. Amendments to "Articles of Incorporation" XII. Amendments to "Rules and Procedures of Shareholders Meeting" XIII. Amendments to "Procedures for Acquisition or Disposal of Assets" XIV. Amendments to "Procedures for Endorsement & Guarantee" XV. Issuance of new endorsements/guarantees XVI. Establishment of "Procedures for Financial Derivatives Transactions" XVII. Trading limits on principal-protected structured contract/product with embedded derivative for subsidiaries XVIII. Amendments to "Corporate Governance Code of Conduct" XIX. Amendments to "Sustainable Development Code of Conduct"
The 7th board 18th meeting 2022/05/12	I. 2022 first quarter consolidated financial statements II. Application of banking credit limits III. Loans to external parties by the Company and subsidiaries IV. Issuance of new endorsements/guarantees V. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital VI. Subsidiary Cowealth Investment Co., Ltd. dissolution and liquidation VII. Subsidiary Mark Investment Co., Ltd. dissolution and liquidation VIII. Distribution of cash dividends of the Company
The 7th board 19th meeting 2022/08/24	I. 2022 second quarter consolidated financial statements II. Application of banking credit limits III. Loans to external parties by the Company and subsidiaries IV. Issuance of new endorsements/guarantees V. Remuneration of the financial statement auditor VI. Adoption of acquisition of right-of-use assets from related party VII. Adoption of sale of IT equipment to related party VIII. Change of custodian of endorsement/guarantee seal IX. Adoption of change of Chief Internal Auditor of the Company X. Change of job positions of Head of Finance & Accounting and Acting Spokesperson of the Company XI. Cash capital increase of the subsidiary - Royal Seal Holding Co., Limited XII. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital
The 7th board 20th meeting 2022/11/09	I. 2022 third quarter consolidated financial statements II. Application of banking credit limits for the Company and subsidiaries III. Loans to external parties by the Company and subsidiaries IV. Issuance of new endorsements/guarantees V. Issuance of endorsement/guarantee for subsidiary - Cowealth Medical China Co., Ltd. VI. Subsidiary Ruijin Medical Trading Co., Ltd. dissolution and liquidation VII. Capital reduction of Subsidiary Health Space Consultation & Management (Shanghai) Co., Ltd. VIII. Amendments to "Procedures for Acquisition or Disposal of Assets" IX. Establishment of "Internal Material Information Handling Operation Procedure" X. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital XI. Recommendation for allocation of employee remuneration for 2021 XII. Retirement of Joyce Wang of the subsidiary Cowealth Medical Science & Biotechnology Inc.
The 7th board 21st meeting 2022/12/21	I. 2023 audit plan II. Loans to external parties by the Company and subsidiaries III. The Company's donation to related parties in 2023
The 7th board 22nd meeting 2023/03/07	I. External party lending limits for the Company and subsidiaries II. Amendments to "Articles of Incorporation" III. Establishment of "General Rules for Policy on Early Approval of Non-assurance Services"



Board and session/time	Major resolutions
	IV. Appointment of "Corporate Governance Officer" V. Determination of details concerning the Company's 2023 annual general meeting
The 7th board 23rd meeting 2023/03/21	I. Presentation of the Company's 2022 financial statements and business report II. Presentation of the Company's 2022 earnings distribution III. The Company's 2022 distribution of remuneration of employees and directors IV. Recommendation for directors' and managers' compensation for 2023 V. Managers' performance bonus VI. Issuance of 2022 Declaration of Internal Control System VII. Amendment to the internal control system VIII. Independence and suitability assessment of CPAs and appointment of CPAs IX. Election for all directors X. Revision to matters related to the Company's 2023 general shareholders' meeting accepting directors and independent directors nominated by shareholders XI. Issuance of new endorsements/guarantees of the Company XII. External party lending limits for the Company and subsidiaries XIII. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital
The 7th board 24th meeting 2023/04/10	I. Nomination of candidates of directors and independent directors II. Removal of the non-compete restriction for the 8th term of directors of the Company

## Summary of Audit Committee motions

For Audit Committee meetings that meet any of the following descriptions, state the date and session of board of directors meeting held, the discussed topics, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions:

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

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

Session and date	Motion details	Audit Committee's resolution	Company's response to Audit Committee's opinions
The 7th board The 12th meeting January 27, 2022	I. Cash issue in subsidiary - Cowealth Medical China Co., Ltd.	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board The 13th meeting February 21, 2022	I. The Company's donation to related parties in 2022 II. External party lending limits for the Company and subsidiaries III. Endorsement/guarantee seal	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board The 14th meeting March 21, 2022	I. Presentation of the Company's 2021 financial statements and business report II. Presentation of the Company's 2021 earnings appropriation III. Issuance of 2021 Declaration of Internal Control System IV. Appointment of financial statement auditor V. Independence and suitability assessment for the financial statement auditor VI. Application of banking credit limits for the Company and subsidiaries VII. Loans to external parties by the Company and subsidiaries VIII. Amendments to "Procedures for Acquisition or Disposal of Assets" IX. Amendments to "Procedures for Endorsement & Guarantee" X. Issuance of new endorsements/guarantees XI. Establishment of "Procedures for Financial Derivatives Transactions" XII. Trading limits on principal-protected structured contract/product with embedded derivative for subsidiaries	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board The 15th meeting 2022/05/12	I. 2022 first quarter consolidated financial statements II. Application of banking credit limits III. Loans to external parties by the Company and subsidiaries IV. Issuance of new endorsements/guarantees V. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital VI. Subsidiary Cowealth Investment Co., Ltd. dissolution and liquidation VII. Subsidiary Mark Investment Co., Ltd. dissolution and liquidation	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board The 16th meeting	I. 2022 second quarter consolidated financial statements II. Application of banking credit limits III. Loans to external parties by the Company and subsidiaries	Passed as proposed without objection	Passed unanimously by all attending directors

Session and date	Motion details	Audit Committee's resolution	Company's response to Audit Committee's opinions
2022/08/24	IV. Issuance of new endorsements/guarantees V. Remuneration of the financial statement auditor VI. Adoption of acquisition of right-of-use assets from related party VIII. Adoption of sale of IT equipment to related party VIII. Change of custodian of endorsement/guarantee seal IX. Adoption of change of Chief Internal Auditor of the Company X. Change of job positions of Head of Finance & Accounting and Acting Spokesperson of the Company XI. Cash capital increase of the subsidiary - Royal Seal Holding Co., Limited XII. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital		
The 7th board The 17th meeting 2022/11/09	I. 2022 third quarter consolidated financial statements of the Company II. Application of banking credit limits for the Company and subsidiaries III. Loans to external parties by the Company and subsidiaries IV. Issuance of new endorsements/guarantees V. Issuance of endorsement/guarantee for subsidiary - Cowealth Medical China Co., Ltd. VI. Subsidiary Ruijin Medical Trading Co., Ltd. dissolution and liquidation VII. Capital reduction of Subsidiary Health Space Consultation & Management (Shanghai) Co., Ltd. VIII. Amendments to "Procedures for Acquisition or Disposal of Assets"	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board 18th meeting 2022/12/21	I. 2023 audit plan II. Loans to external parties by the Company and subsidiaries III. The Company's donation to related parties in 2023	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board 19th meeting 2023/03/07	I. External party lending limits for the Company and subsidiaries II. Establishment of "General Rules for Policy on Early Approval of Non- assurance Services"	Passed as proposed without objection	Passed unanimously by all attending directors
The 7th board 20th meeting 2023/03/21	I. Presentation of the Company's 2022 financial statements and business report II. Presentation of the Company's 2022 earnings appropriation III. Issuance of 2022 Declaration of Internal Control System IV. Amendment to the internal control system V. Independence and suitability assessment for the financial statement auditor VI. Issuance of new endorsements/guarantees VII. External party lending limits for the Company and subsidiaries VIII. Evaluation on whether overdue accounts receivable between the Company and subsidiaries involve lending of capital	Passed as proposed without objection	Passed unanimously by all attending directors

## Execution of annual general meeting resolutions

Date of meeting: May 12, 2022

Resolutions	Execution
I. Acknowledgment of 2021 financial statements and business report	Resolution was passed.
II. Acknowledgment of 2021 earnings distribution	Resolution was passed; to pay cash dividends at NT\$1.5 per share. Issuance was completed on July 29, 2022.
III. Amendments to "Articles of Incorporation"	Annual general meeting resolution was passed and executed accordingly.
IV. Amendments to "Rules and Procedures of Shareholders Meeting"	Annual general meeting resolution was passed and executed accordingly.
V. Amendments to "Procedures for Acquisition or Disposal of Assets"	Annual general meeting resolution was passed and executed accordingly.
VI. Amendments to "Procedures for Endorsement & Guarantee"	Annual general meeting resolution was passed and executed accordingly.
VII. Amendments to "Procedures for Financial Derivatives Transactions"	Annual general meeting resolution was passed and executed accordingly.

# Cowealth Medical Holding Co., Ltd.

## Minutes of the 2022 Annual General Meeting

Date and Time: May 12, 2022 (Thursday), 9:00AM

Venue: 23F, No. 76, Section 2, Dunhua South Road, Taipei City (conference room at Cowealth Group's Hub Center - physical convention of shareholders' meeting)

Chairperson: Director Ying-Tung Lau (in acting capacity)

Minutes taker: Li-Feng Lin

Participants: Independent Director Yann-Ching Tsai (Audit Committee convener)

CPA Pao Leng Chow, KPMG

Attorney Alex Yeh, LCS & Partners

Attendance report: A total of 45,515,508 shares were represented in-person and through proxies during the meeting (including 13,583,294 shares that had voting rights exercised through electronic means), which accounted for 58.76% of the 77,449,547 total outstanding shares and satisfied the minimum requirement for general meeting.

**Commencement of meeting:** The chairperson announced commencement of meeting, as the number of shares represented in-person and through proxies on site had reached the legal requirement.

**Chairperson's opening remarks:** The Chairman was unable to attend the annual general meeting due to the ongoing pandemic, and had appointed Director Ying-Tung Lau to serve as acting chairperson for this meeting.

### I. Report Items

Motion 1: Presentation of the 2021 business report.

Description: Below is a presentation of the Company's 2021 business performance:

According to the audited consolidated financial statements, the Company reported revenues of NT\$5,139,748 thousand, net income of NT\$215,912 thousand, and net income attributable to parent company shareholders of NT\$139,464 thousand for the year. Below is a comparative income statement for years 2021 and 2020:

NTD thousands except for earnings per share, which is in NTD

Item	2021	%	2020	%	Variation	Variation %
I. Operating revenues	5,139,748	100.0	4,721,939	100.0	417,809	8.8
II. Operating costs	4,081,821	79.4	3,698,107	78.3	383,714	10.4
III. Gross profit	1,057,927	20.6	1,023,832	21.7	34,095	3.3
IV. Operating expenses	716,938	13.9	685,815	14.5	31,123	4.5
V. Operating profit	340,989	6.6	338,017	7.2	2,972	0.9
VI. Non-operating income and expenses	( 6,253)	-0.1	( 23,079)	-0.5	16,826	-72.9
VII. Profit before tax	334,736	6.5	314,938	6.7	19,798	6.3
VIII. Income tax expense	118,824	2.3	106,022	2.2	12,802	12.1
IX. Net income	215,912	4.2	208,916	4.5	6,996	3.3
X. Net income attributable to parent company	139,464		124,394		15,070	12.1
Earnings per share (NTD)	1.80		1.61			

Operating revenues for 2021 amounted to NT\$5,139,748 thousand, up NT\$417,809 thousand or 8.8% compared to 2020; meanwhile, gross profit NT\$1,057,927 thousand, increased 3.3% over the NT\$1,023,832 thousand in 2020, whereas net income attributable to parent company amounted to NT\$139,464 thousand, equivalent to NT1.8 per share and represented a 12% growth over the previous year.

Operating revenues for 2020 included sale of one major radiotherapy equipment (ViewRay). Although no ViewRay equipment was sold in 2021, significant growth in the sale of in vitro diagnostic products more than covered the shortfall, thereby allowing the Company to report higher operating revenues compared to 2020. Gross profit margin in 2021 was lower compared to 2020 due to change of product portfolio.

Operating expenses in 2021 were NT\$31,123,000 or 4.5% higher compared to 2020 mainly because businesses in Mainland China were granted waivers on employees' social insurance premium in 2020 in response to COVID-19. As the pandemic subsided in 2021, the waiver was discontinued and the Company hired additional employees and incurred higher selling expenses such as salary, bonus, travel, and entertainment. This resulted in an increase of operating expenses.

The Company reported income tax expenses of NT\$118,824 thousand for 2021 and NT\$106,022 thousand for 2020, and the percentages of income tax expense relative to operating revenues were comparable in the two periods. Income tax expense for the current period was higher compared to 2020 due to dividends recovered from subsidiary - Cowealth Medical China Co., Ltd., for which the Company was required to pay income tax. Non-operating income and expenses in 2021 were NT\$16,826 thousand lower compared to 2020, representing 0.1% of revenues that was comparable to the previous year.

**Chairman: Joyce Wang**

**Manager: Duane Lee**

Motion 2: Presentation of Audit Committee's review of the 2021 year-end accounts.

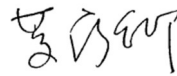
Description: Consolidated financial statements, business report, and earnings appropriation chart for 2021 have been reviewed and approved by the Company's Audit Committee, for which they have issued the following review report:

### Audit Committee's Review Report

We have reviewed the Company's 2021 business report, financial statements, and earnings appropriation proposal prepared by the board of directors. The financial statements have been audited by KPMG, to which the firm issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements, or earnings appropriation proposal, and hereby issues its report in accordance with the Articles of Incorporation, the Audit Committee Charter, and relevant laws.

Cowearth Medical Holding Co., Ltd.

Audit Committee Convener Yen-Ching Tsai



March 21, 2022

Motion 3: Report on the allocation of employee remuneration and director remuneration for 2021.

Description: 1. To proceed according to Article 34.1 of the Articles of Incorporation.

2. The Company's 2021 employee and director remuneration have been passed by the board of directors. Details of the remuneration are presented below:

(1) Employees' remuneration: NT\$1,452,757.

(2) Directors' remuneration: NT\$4,358,270.

3. The above remunerations are similar to the amounts previously estimated and recognized as expenses for the year, and will be entirely paid in cash.

Motion 4: The Company's report on the overseas public offering of shares of the subsidiary Cowearth Medical China Co., Ltd.

Description: An important subsidiary of the Company, Cowearth Medical China Co., Ltd., submitted the application document for public offering of its shares at the A-Share market in 2020, and the application was approved by the Issuance Appraisal Committee of China Securities Regulatory Commission in 2021. Its IPO was completed at the main board of Shanghai Stock Exchange on February 16, 2022, and the issue price was RMB 4.19 per share. The stock name is Cowearth China, stock code is 603122, and the total number capital shares after IPO is 398,052,633 shares. The Company's shareholding percentage on the subsidiary Cowearth Medical China Co., Ltd. decreased to 55%.

## II. Acknowledgments

Motion 1

Proposed by the board of directors

Summary: Acknowledgment of the 2021 financial statements and business report.

- Description: 1. The Company's 2021 consolidated financial statements (including balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement) have been audited by CPA Pao Leng Chow and CPA Chiu-Hua Hsieh of KPMG, to which they issued an independent auditor's report with unqualified opinion. These documents have been reviewed by the Audit Committee and approved with board of directors' resolution.
2. Please refer to page 3 for the business report.
  3. Please refer to page 4 for Audit Committee's review report.
  4. Please refer to Attachment 1 (pages 9-16) for independent auditor's report and the 2021 financial statements.
  5. The motion is open for acknowledgment.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting:  
45,515,508

Vote outcome (including electronic votes)	As a percentage of voting rights represented by attending shareholders (%)
44,609,367 votes in favor	98.00%
18,062 votes against	0.03%
0 votes voided	0.00%
888,079 votes abstained	1.95%

Motion was passed as proposed through vote.

Motion 2

Proposed by the board of directors

Summary: Acknowledgment of the 2021 earnings appropriation.

- Description: 1. The Company's 2021 earnings appropriation was calculated based on distributable earnings for 2021. For shareholders' profit sharing, a proposal has been raised to pay cash dividends at NT\$1.5 per share. Based on the Company's 77,449,547 outstanding shares as at March 21, 2022, this equates to total dividend payout of NT\$116,174,321.
2. Once the earnings distribution is passed during the annual general shareholders' meeting, the board of directors shall be authorized to set the baseline date for profit distribution. Proposal to seek shareholders' authorization for the board of directors to make appropriate adjustments at its sole discretion should the Company decide to buy back shares or transfer or retire treasury stock, or if employee warrants are exercised or if corporate bonds are converted into common shares, on a later date that results in a change of outstanding shares or dividends per share. .
  3. The amount of cash dividends payable to individual shareholders shall be rounded down to the nearest dollar. Fractions that do not amount to a full dollar will be summed and recognized by the Company as other income.

4. The 2021 earnings appropriation chart is presented as follows:

	Unit: NTD
	NTD
Opening unappropriated earnings (January 1, 2021)	\$ 427,409,533
Plus: 2021 net income	139,464,65
Less: 10% provision for special reserve	(13,946,465)
Current changes in remeasurement of defined benefit plan	(7,400,001)
Current change in other comprehensive income	(16,939,334)
Distributable earnings	<u>\$ 528,588,383</u>

Distributions:

Shareholder profit sharing - cash dividends (NT\$1.5 per share)	116,174,321
Closing unappropriated earnings	<u>\$ 412,414,062</u>

**Chairman: Joyce Wang      Manager: Duane Lee**

5. This earnings appropriation proposal has been reviewed by the Audit Committee and resolved by the board of directors on March 21, 2022, and is hereby presented for acknowledgment.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting: 45,515,508

<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,595,732 votes in favor	97.97%
31,697 votes against	0.06%
0 votes voided	0.00%
888,079 votes abstained	1.95%

Motion was passed as proposed through vote.



### III. Discussions

#### Motion 1

Proposed by the board of directors

Summary: Amendments to the "Articles of Incorporation"; the motion is available for discussion.

Description: 1. Proposal to make partial amendments to the Articles of Incorporation for conformity with the new version of "Checklist on Protection of Shareholders' Interests at Place of Registration for Foreign Issuers" amended by Taipei Exchange under Correspondences No. Zheng-Gui-Shen-11000579652 dated May 31, 2021 and No. Zheng-Gui-Shen-11101004091 dated March 15, 2022 and to address matters concerning virtual shareholder meeting.

2. Please refer to Attachment 2 (pages 17-24) for a comparison of the amendments made

3. The motion is hereby presented for resolution.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting:  
45,515,508

<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,608,191 votes in favor	98.00%
18,062 votes against	0.03%
0 votes voided	0.00%
889,255 votes abstained	1.95%

Motion was passed as proposed through vote.

#### Motion 2

Proposed by the board of directors

Summary: Amendments to "Rules and Procedures of Shareholders Meeting"; the motion is available for discussion.

Description: 1. Proposal to make partial amendments to the Company's Rules and Procedures of Shareholders Meeting for conformity with the latest version of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" amended under Correspondence No. Zheng-Gui-Jian-11100543771 issued by Taipei Exchange on March 11, 2022, and to accommodate the deregulation on virtual shareholder meetings under the The Company Act.

2. Please refer to Attachment 3 (pages 25-33) for a comparison of the amendments made

3. The motion is hereby presented for resolution.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting:  
45,515,508

<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,607,911 votes in favor	98.00%
18,342 votes against	0.04%
0 votes voided	0.00%
889,255 votes abstained	1.95%

Motion was passed as proposed through vote.

#### Motion 3

Proposed by the board of directors

Summary: Amendments to "Procedures for Acquisition or Disposal of Assets"; the motion is available for discussion.

Description: 1. For conformity with Instruction No. Jin-Guan-Zheng-Fa-1110380465 issued by Financial Supervisory Commission on January 28, 2022, a proposal has been raised to amend the Company's "Procedures for Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

2. Please refer to Attachment 4 (pages 34-40) for a comparison of the amendments made.

3. The motion is hereby presented for resolution.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting:  
45,515,508



<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,414,334 votes in favor	97.58%
211,919 votes against	0.46%
0 votes voided	0.00%
889,255 votes abstained	1.95%

Motion was passed as proposed through vote.

Motion 4

Proposed by the board of directors

Summary: Amendments to "Procedures for Endorsement & Guarantee"; the motion is available for discussion.

Description: 1. Proposal to amend the Company's "Procedures for Endorsement & Guarantee" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and "Q&A on Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

2. Please refer to Attachment 5 (pages 41-43) for a comparison of the amendments made.

3. The motion is hereby presented for resolution.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting: 45,515,508

<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,602,101 votes in favor	97.99%
24,152 votes against	0.05%
0 votes voided	0.00%
889,255 votes abstained	1.95%

Motion was passed as proposed through vote.

Motion 5

Proposed by the board of directors

Summary: Matters concerning "Procedures for Financial Derivatives Transactions"; the motion is available for discussion.

Description: 1. According to Article 7 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, a public company that does not intend to trade derivatives may forgo establishment of Procedures for Financial Derivatives Transactions, subject to board of directors' approval. Companies that intend to trade derivatives on a later date will still have to complete the requirements described in the above Article and Paragraph.

2. The board of directors passed a resolution on August 7, 2017 to forgo trading of derivatives, and therefore is not required to amend its derivative transaction procedures in line with prevailing laws since the day of board resolution.

3. However, having considered future operational requirements of the Company and subsidiaries as well as the need to hedge against exchange rate fluctuations and allocate capital on a short-term basis for higher yield and principal protection, the Audit Committee and the board of directors passed a resolution on March 21, 2022 to resume trading of derivatives, and have proposed for the establishment of a new set of "Procedures for Financial Derivatives Transactions." Please see Attachment 6 (pages 44 to 47) for the terms of the new version.

4. The motion is hereby presented for resolution.

Resolution: Vote outcome of the motion is as follows:

Voting rights represented by attending shareholders (including electronic votes) at the time of voting: 45,515,508

<b>Vote outcome (including electronic votes)</b>	<b>As a percentage of voting rights represented by attending shareholders (%)</b>
44,602,101 votes in favor	97.99%
24,181 votes against	0.05%
0 votes voided	0.00%
889,226 votes abstained	1.95%

Motion was passed as proposed through vote.

**IV. Special motions: None.**  
**V. Adjournment.**

# 合富

合富集團  
**COWealthGroup**

## 合富醫療控股股份有限公司

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