Pacific Hospital Supply Co., Ltd. Minutes of 2023 Annual Shareholders' Meeting

Date and time: Wednesday, June 14, 2023, 9:00 a.m.

Location: Tungluowan Hall (No. 78, Hsinhsing Road, Tungluo Village, Tungluo Township, Miaoli County)

Total outstanding shares of the Company: 72,600,000 shares

Present: Chairperson An-Ting Chung, Director Tim Chiang, Director Stanley Chen, Independent Director Vance Chin (Audit Committee Convener), Independent Director Adrian Chang and Independent Director Zhi-Jun Zhan

A total of 6 directors attended the shareholders' meeting, exceeding more than half of the 7 directors.

In attendance: Chao-Ling Chen (Deloitte & Touche CPA)

Chaired by: An-Ting Chung



Minutes taker: Shih-Chien Chou 周詩茜



Ι. Promulgate the number of shares represented in person or by proxy, and call the the meeting to order:

The number of shares represented in person or by proxy is 48,709,421 shares (including the 14,440,853 shares represented by the shareholders exercising voting rights by electronic means), which constitutes 67.09% of the total 72,600,000 shares issued. The number of shares has constituted the quorum at the time scheduled for the meeting. The chairperson called the meeting to order.

II. **Opening Speech by the Chairperson (omitted)**

III. **Presentation of Key Issues:**

Issue No.I 2022 Business Report (Attachment I)

Audit Committee's Review Report on the 2022 Final Accounts (Attachment II) Issue No.II

Issue No.III Report on the distribution of 2022 employees' and directors' compensation. Descriptions:

- 1. According to Article XXII of the Articles of Incorporation, if the Company has gained profits within a fiscal year, no less than 3% of the profits shall be reserved as the employees' compensation and no more than 2% as the directors' compensation.
- 2. In care of overall company operation and peer wage payout levels, there are plans to distribute employees' compensation at NT\$29,000,000 and directors' compensation at NT\$3,600,000, with both to be distributed in cash.
- 3. The 2022 performance evaluation results of directors and managerial officers, please kindly refer to Attachment III.

Issue No.IV Report on the 2022 directors' remuneration.

Descriptions:

1. According to Article XV of the Articles of Incorporation, the remuneration or transportation expenses of directors shall be resolved by the Board of Directors based on the value of the directors' participation and contributions to the company's

operations, and taking into account the industry standards for payment. According to Article XXII of the Articles of Incorporation, if the Company makes a profit in a fiscal year, it shall set aside no more than 2% for directors' compensation.

- 2. In addition to the overall operation, future business risks and development of the company, the director's remuneration of the Company also takes into account the industry standard, as well as the management responsibility, time investment, and business performance of the directors. It is approved in accordance with the Articles of Incorporation and the "Regulations for Remuneration of Directors, Functional Committee Members and Managerial Officers."
- 3. For the detail of the 2022 directors' remuneration, please kindly refer to Attachment IV.

IV. Issues to Be Acknowledged:

Issue No. I

Proposed by the Board of Directors

Subject of Issue: Proposal of 2022 Business Report and Financial Statements, please kindly acknowledge this issue as prudent.

Descriptions:

- 1. The Company's consolidated and parent company only financial statements of year 2022 have been duly audited by Certified Public Accountants Chao-Ling Chen and Chun-Ming Hsueh of Deloitte & Touche with Audit Report duly issued.
- 2. The aforementioned 2022 Business Report and final accounts were already approved by the Audit Committee and the Board of Directors. Please kindly refer to Attachment I and Attachment V.
- 3. Please kindly acknowledge this issue as prudent.

Decision resolved: Shares represented at the time of voting: 48,709,421

Voting Results (Sł	% of the total represented share present	
Approval votes: (Electronic votes:	44,104,481 9,934,406)	90.54%
Disapproval votes: (Electronic votes:	16,877 16,877)	0.03%
Invalid votes:	0	0.00%
Abstention votes/no votes: (Electronic votes:	4,588,063 4,489,570)	9.41%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Issue No. II

Proposed by the Board of Directors

Subject of Issue: Proposal of 2022 Earnings Distribution, please kindly acknowledge this issue as prudent.

Descriptions:

- 1. Earnings Distribution Table of 2022 is drafted in accordance with the Company Act and the Articles of Incorporation of the Company. Please kindly refer to Attachment VI.
- 2. The total dividen to shareholders is NT\$304,920,000 and will all be distributed in cash for NT\$4.2 per share pursuant to the register of shareholders on ex-dividend date.

The dividend distribution should be rounded down to the nearest integer, and total amount of the fracture numbers will be aggregately recognized as other revenue of the Company.

- 3. The issue is proposed for adoption by the Annual Shareholders' Meeting and for authorization to the Chairperson to resolve the ex-dividend date. If the number of total issued shares is changed according to the regulations and laws or repurchasing of treasury shares by the Company before the ex-dividend date and the ratio of cash dividends should be adjusted by such change, the Chairperson is authorized to deal with relative issues.
- 4. Please kindly acknowledge this issue as prudent.

Voting Results (Sh	% of the total represented share present	
Approval votes: (Electronic votes:	44,102,779 9,932,704)	90.54%
Disapproval votes: (Electronic votes:	18,891 18,891)	0.03%
Invalid votes:	0	0.00%
Abstention votes/no votes: (Electronic votes:	4,587,751 4,489,258)	9.41%

Decision resolved: Shares represented at the time of voting: 48,709,421

RESOLVED, that the above proposal be and hereby was approved as proposed.

V. Issues Proposed for Disscusion

Subject of Issue: Proposal to release the prohibition on directors from participation in competitive business. Proposed by the Board of Directors

Descriptions:

- 1. The proposal has been sought per stipulations set forth under Article 209 of the Company Act and per Articles of Incorporation of the Company.
- 2. In order to rely on company directors' know-how and relevant experience, there are plans to secure the meeting of shareholders' consent to release the prohibition on directors from participation in competitive business, in case the directors who also invests in or operates in other positions identical or similar to the scope of the company business.
- 3. The directors concurrently act as:

Title	Name	Concurrent Positions
Director	Stanley Chen (Representative of Yi De Co., Ltd.)	Financial and Accounting Officer of Catcher Technology Co., Ltd.
Independent Director	Vance Chin	Independent Director of Bioteque Corporation

4. Please resolve.

Decision resolved: Shares represented at the time of voting: 48,709,421

Voting Results (Si	% of the total represented share present	
Approval votes: (Electronic votes:	43,004,412 8,834,337)	88.28%
Disapproval votes: (Electronic votes:	78,356 78,356)	0.16%
Invalid votes:	0	0.00%
Abstention votes/no votes: (Electronic votes:	5,626,653 5,528,160)	11.55%

RESOLVED, that the above proposal be and hereby was approved as proposed.

VI. Extempore Motions: None

Questions raised by shareholder (account number 43196):

- 1. Was the strong revenue performance this year mainly driven by inventory replenishment after the pandemic, structural changes in demand, or special projects/new products?
- 2. Are there any major product projects expected in the second half of this year or next year?
- 3. The annual report mentioned plans to expand into the US market. What are the plans and benefits of expanding into the US market?

Chairperson's and relevant personnel's response:

- 1. In addition to the closed suction sets sales growth, demand for other products also picks up because of the reopening of operating rooms and ICUs in hospitals worldwide.
- 2. It takes time for any kind of medical device to enter the markets, so explosive growth is not expected. The Company consistently applies for registration and certificate of our products in different regions. It is a long-term on-going process.
- 3. We'll first increase our company's exposure in the US market through intensive trade shows. Due to the geopolitical relationship between the US and China, we have received more inquiries from the US market compared to the past. Currently, we are exploring more opportunities for contract manufacturing partnerships and feel optimistic about the market.

Questions raised by shareholder (account number 26148):

The business report mentions research and development of long-term care and electronic healthcare. When can we expect these products to enter the stage of mass production and show the contribution to revenue?

Chairperson's response: Home-based products such as Indwelling Enteral Feeding System have shown positive growth in recent years. Meanwile, the investment amount of electronic healthcare hardware and software is quite high. To minimize initial investment risks, our current strategy involves targeting Taiwan local market by introducing high value-added products of international brands.

VII. Adjourment: The meeting adjourned at 9:21 a.m.

Pacific Hospital Supply Co., Ltd. 2022 Business Report

In 2022, as the world endured the peak of the COVID-19 pandemic, PAHSCO celebrated its 45th anniversary. Facing the pressure of supply chain restructuring, global inflation and labor shortage in the post-pandemic era, PAHSCO's management team coordinated with all departments to overcome internal and external challenges and achieved annual performance targets. The following is a summary of the results of operations and financial position for 2022:

[Operating policy]

Over the past 45 years, PAHSCO has been dedicated to our vocation of "Your Health, Our Mission" and have established a firm foothold in the field of medical devices. With quality management as the core, the Company is committed to providing better products and meeting customer's demands with quality services. In addition to vigorously enhancing the visibility of our own brand "PAHSCO", the Company continues to optimize our production and sales management processes, prudently controls manufacturing costs, and improves production efficiency, while actively expanding our distribution arrangement and building a more intensive sales network to drive steady revenue growth.

[Achievement and implementation of business plan]

With the gradual opening of national borders after the COVID-19 pandemic, the Company has resumed participation in international exhibitions in order to obtain potential orders and adjust the product portfolio based on the customers' attributes in each region to actively develoment the market presence in the post-pandemic era. In response to the highly competitive market environment, the Company has introduced a customer relationship management system to integrate sales processes and enhance the efficiency of cross-departmental collaboration, while continuing to improve process management and to reach better production and scheduling through an intellectualized system in order to optimize cost efficiency.

In 2022, the severity of COVID-19 pandemic subsided, causing the demand for infection control products to decrease, but with the gradual recovery of various medical activities, the demand for surgical products gradually recovered. Despite the high cost of raw materials and labor in recent years, the Company's gross profit and net operating profit increased compared to those of last year with the strategy of adjusting product prices and improving efficiency. If the non-operating profit from the disposal of the plant last year is excluded, the net profit after tax for the year was also higher than last year. The consolidated business performance of the Company for the year 2022 is as follows: (Unit: NT\$ Thousand)

Item	2022	2021	Variance	Percent Variance
Operating revenue	2,184,934	2,018,749	166,185	8.2 %
Gross profit	587,970	523,416	64,554	12.3 %
Operating expense	233,475	210,018	23,457	11.2 %
Operating income - net	354,495	313,398	41,097	13.1 %
Non-operating income and expense	58,985	120,628	(61,643)	-51.1 %
Profit before income tax	413,480	434,026	(20,546)	-4.7 %
Income tax expense	82,083	47,611	34,472	72.4%
Net profit	331,397	386,415	(55,018)	-14.2%
Earnings per share	4.56	5.32		

[Operating income and expense and budget implementation]

Our budgets for 2022 were appropriately allocated and effectively utilized. The Company will continue taking proper control of various costs and improving business performances for the maximization of shareholders' equity.

[Profitability analysis]

The Company's financial structure and profitability are both sound and stable, and the profitability for 2022 is as follows:

Category	ltem	2022	2021
Financial structure	Debt to asset ratio (%)	25.48	28.72
Solvency	Current ratio (%)	263.51	321.92
Solvency	Quick ratio (%)	185.25	236.41
	Return on assets (%)	9.06	10.16
	Return on shareholders' equity (%)	12.22	14.53
Profitability	Pre-tax income to paid-in capital (%)	56.95	59.78
	Profit ratio (%)	15.17	19.14
	Earnings per share (NT\$)	4.56	5.32

[Research and development]

In 2022, the consolidated expenses incurred from research and development amounted to NT\$46,120 thousand, which accounted for 2.1% of the consolidated operating revenue. PAHSCO continues to refine its R&D and manufacturing capabilities to help the clients improve their medical quality and build product niches with its core technologies. The Company also plans to combine the strengths of Taiwan's IT industry to expand the product lines into long-term home care and intelligent healthcare-related applications, specifically aiming to enhance the added value of products and the efficiency of nursing care, so as to provide clients with more diverse and comprehensive product options.

The outbreak of the COVID-19 pandemic has changed the structure and supply and demand patterns of the global medical device industry, and it also has driven new business opportunities for medical devices. In addition, the irreversible trend of global aging population has supported the long-term demand for medical devices. Looking forward to the future, PAHSCO will positively expand in the U.S. market, accumulate the energy for brand innovation, and ensure business growth momentum in order to become one of the major international manufacturers of medical devices. After 45 years of operation, thanks to the loyal support and care from the partners and shareholders, PAHSCO has been able to strengthen the operational resilience and builds up entire sustainability. The Company expects to pass the foundation of excellence to all the colleagues and create new milestones in the future.



Audit Committee's Review Report

To: 2023 Annual Shareholders' Meeting

The Board of Directors compiled the Company's 2022 business report, financial statements (including consolidated and parent company only financial statements), and proposal of earnings distribution. The CPAs of Deloitte & Touche, Chao-Ling Chen and Chun-Ming Hsueh, have audited the financial statements and issued an audit report relating to the financial statements.

The aforementioned business report, financial statements and proposal of earnings distribution have been reviewed by the Audit Committee and there is no misrepresentation. As such, the Audit Committee issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please examine.

Pacific Hospital Supply Co., Ltd.

Audit Committee Convenor Vance Chin

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February 22, 2023

Pacific Hospital Supply Co., Ltd.

2022 Performance Evaluation Results of Directors and Managerial Officers

The performance evaluation of directors and managerial officers has been conducted according to the "Rules of Performance Evaluation of the Board of Directors" and the "Employee Performance Evaluation Regulations." The evaluation results are shown as follows:

	The criteria for evaluating the performance	Subject	Evaluation results
1. 2. 3. 4. 5. 6.	Familiarity with the goals and missions of the company Awareness of the job duties Participation in the operation of the company Management of internal relationship and communication Professionalism and continuing education Internal control	Board members	"A" or above for all
1. 2. 3.	Company operating performance Departmental operating performance Personal performance	Managerial officers	"A" or above for all
No			
The	e board members are directors who a	re in office at the	e end of 2022.

Pacific Hospital Supply Co., Ltd. 2022 Directors' Remuneration

Unit: NT\$ thousand, as of December 31,2022

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		Remuneration							Total Remuneration Relevant				Relevant Remuneration Received by Directors Who are Also Employees						oyees	То	tal Rem	Remuneration				
		Base Co	Base Compensation (A)		Severance Pay and Pensions (B)		Director Allowances Compensation (C) (D)		(A+B+C+D) and Ratio to Net Income		Salary, Bonuses, and Allowances (E) Severance Pay and Pensions (F)			Employee Compensation (G)			ation	(A+B+C+D+E+F+G) and Ratio to Net Income			l Ratio	Paid to Directors from				
Title	Name (Note)	The company	All companies in the consolidated financial	The co	mpany	consol fina	ne lidated	The company	All companies in the consolidated financial	The company	All companies in the consolidated financial	The co	ompany	in conso fina	npanies the lidated ncial ments	The cor	mpany		solidated ncial	an Invested Company Other than the Company's Subsidiary or from Parent						
			statements		statements		statements		statements	Total	%	Total	%		statements		statements	Cash	Stock	Cash	Stock	Total	%	Total	%	Company
Chairperson	An-Ting Chung	0	0	0	0	720	720	40	40	760	0.23%	760	0.23%	11,682	11,682	108	108	500	C	500	0	13,050	3.94%	13,050	3.94%	None
Director	Min-Chih Chang	0	0	0	0	0	0	20	20	20	0.01%	20	0.01%	0	0	0	0	0	C	0	0	20	0.01%	20	0.01%	None
Director	Meng-Kang Chang	0	0	0	0	0	0	20	20	20	0.01%	20	0.01%	0	0	0	0	0	C	0	0	20	0.01%	20	0.01%	None
Director	Chang-Min Wu	0	0	0	0	0	0	20	20	20	0.01%	20	0.01%	0	0	0	0	0	C	0	0	20	0.01%	20	0.01%	None
Independent Director	Kui-Kai Chou	0	0	0	0	0	0	40	40	40	0.01%	40	0.01%	0	0	0	0	0	C	0	0	40	0.01%	40	0.01%	None
Independent Director	Yuan-Ning Wu	0	0	0	0	0	0	40	40	40	0.01%	40	0.01%	0	0	0	0	0	C	0	0	40	0.01%	40	0.01%	None
Independent Director	Yann-Fen C. Chao	0	0	0	0	0	0	30	30	30	0.01%	30	0.01%	0	0	0	0	0	C	0	0	30	0.01%	30	0.01%	None
Director	Stanley Chen (Representative of Yi De Co., Ltd.)	0	0	0	0	288	288	20	20	308	0.09%	308	0.09%	0	0	0	0	0	C	0	0	308	0.09%	308	0.09%	None
Director	Tim Chiang (Representative of Yi Sheng Co., Ltd.)	0	0	0	0	288	288	20	20	308	0.09%	308	0.09%	6,096	6,096	108	108	2,100	C	2,100	0	8,612	2.60%	8,612	2.60%	None
Independent Director	Vance Chin	0	0	0	0	576	576	20	20	596	0.18%	596	0.18%	0	0	0	0	0	C	0	0	596	0.18%	596	0.18%	None
Independent Director	Adrian Chang	0	0	0	0	576	576	20	20	596	0.18%	596	0.18%	0	0	0	0	0	C	0	0	596	0.18%	596	0.18%	None
Independent Director	Zhi-Jun Zhan	0	0	0	0	720	720	20	20	740	0.22%	740	0.22%	0	0	0	0	0	C	0	0	740	0.22%	740	0.22%	None
Independent Director	Cherie Lin	0	0	0	0	432	432	20	20	452	0.14%	452	0.14%	0	0	0	0	0	C	0	0	452	0.14%	452	0.14%	None

1.Please state the policy, system, standards, and structure of independent directors' remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, and other factors: According to the Company's Articles of Incorporation, the board of directors is authorized to determine the directors' remuneration or transportation expenses according to their participation in the Company's operations and the value of their contributions; also, by referring to the payment level of the industry. Moreover, according to the provisions of the "Rules Governing the Scope of Powers of Independent Directors," different but reasonable remuneration from that of other directors may be set forth for the independent directors are also members of the functional committees who need to devote more time and energy to the committees than general directors; therefore, more weights of compensation is distributed to the independent directors according to the "Regulations for Remuneration of Directors," Functional Committee Members and Managerial Officers."

2. Other than disclosure in the above table, directors' remunerations earned by providing services (e.g. providing services as a non-employee) to PAHSCO and all consolidated entities in the most recent financial statements: None.

Note : The term of Director Min-Chih Chang, Meng-Kang Chang, Chang-Min Wu and Independent Director Kuei-Kai Chou, Yuan-Ning Wu, and Yann-Fen C. Chao ended on June 30, 2022. The representative of Yi De Co., Ltd. was replaced on October 7, 2022.

Deloitte.



勤業眾信聯合會計師事務所 11073 台北市信義區松仁路100號20樓

Deloitte & Touche 20F, Taipei Nan Shan Plaza No. 100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988 Fax:+886 (2) 4051-6888 www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Pacific Hospital Supply Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Pacific Hospital Supply Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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.

Authenticity of Sales Revenue

The revenue of Pacific Hospital Supply Co., Ltd. mainly comes from the sales of medical equipment. Consolidated sales revenue for the year ended December 31, 2022 increased by NT\$174,750 thousand compared to the sales revenue for the year ended December 31, 2021. We assessed that the risks related to sales revenue, that is, whether the transaction actually occurred, is high. Therefore, among the specific customers for the year ended December 31, 2022, customers which showed revenue growth from the year ended December 31, 2021 was identified as one of the key audit matters.

Refer to Note 4 to the consolidated financial statements for the accounting policies related to revenue recognition.

Our main audit procedures performed for the abovementioned key audit matter included the following:

- 1. We understood and tested the design and operating effectiveness of the internal controls surrounding the sales revenue recognition process of the abovementioned customers.
- 2. We selected samples from sales records for the abovementioned customers and checked whether they matched the corresponding evidence such as purchase orders, packing lists and export declarations, and tested the collection of receivables to verify the authenticity of the sales transaction.

Other Matter

We have also audited the parent company only financial statements of Pacific Hospital Supply Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chao-Ling Chen and Chun-Ming Hsueh.

Deloitte & Touche Taipei, Taiwan Republic of China

February 22, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CONSOLIDATED BALANCE SHEETS **DECEMBER 31, 2022 AND 2021** (In Thousands of New Taiwan Dollars)



	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 688,289	19	\$ 815,275	21
Notes receivable (Notes 4 and 7)	28,749	1	31,675	1
Accounts receivable (Notes 4, 5, 7 and 20)	203,802	5	148,638	4
Other receivables (Notes 4 and 7)	10,652	5	6,838	-
Inventories (Notes 4 and 8)	366,729	10	335,224	9
Prepayments	23,970	1	23,837	1
Other current assets (Note 15)	2,825		3,561	
Total current assets	1,325,016	36	1,365,048	36
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11, 24 and 28)	1,750,099	48	1,855,740	49
Right-of-use assets (Notes 4, 12 and 27)	426,992	12	435,584	12
Investment properties (Notes 4, 13 and 28)	91,565	3	91,873	2
Other intangible assets (Notes 4 and 14)	5,762	_	4,314	-
Deferred tax assets (Notes 4 and 22)	10,028	-	14,489	-
Net defined benefit assets-non-current (Notes 4 and 18)	7,495	-	,	-
Other non-current assets (Notes 15 and 24)	28,775	1	28,399	<u> </u>
Total non-current assets	2,320,716	64	2,430,399	64
TOTAL	<u>\$ 3,645,732</u>	<u> 100 </u>	<u>\$ 3,795,447</u>	100
LIABILITIES AND EQUITY CURRENT LIABILITIES				
Contract liabilities (Note 20)	\$ 32,615	1	\$ 54,478	2
Notes payable	2,508	1	\$ 54,478 2,544	2
Accounts payable	2,508 203,267	- 6	167,081	4
Other payables (Notes 17 and 24)	195,022	5	179,107	5
Current tax liabilities (Notes 4 and 22)	53,744	2	5,660	5
Lease liabilities - current (Notes 4, 12 and 27)	13,241	<i>L</i>	12,969	-
Other current liabilities (Note 17)	2,445		2,189	
Total current liabilities	502,842	14	424,028	11
	<u> </u>			
NON-CURRENT LIABILITIES			220.000	6
Long-term borrowings (Notes 16 and 28)	-	-	230,000	6
Deferred tax liabilities (Notes 4 and 22)	1,769	-	-	-
Lease liabilities - non-current (Notes 4, 12 and 27)	423,777	11	430,217	12
Net defined benefit liabilities - non-current (Notes 4 and 18)	-	-	5,012	-
Guarantee deposits (Note 17)	644		744	
Total non-current liabilities	426,190	11	665,973	18
Total liabilities	929,032	25	1,090,001	29
EQUITY (Note 19)				
Share capital		-		
Ordinary shares	726,000	20	726,000	<u>19</u>
Capital surplus	344,665	10	344,506	9
Retained earnings				
Legal reserve	449,991	12	410,745	11
Special reserve		_	3 849	_

Special reserve	-	-	3,849	-
Unappropriated earnings	1,196,044	33	1,220,346	32
Total retained earnings	1,646,035	45	1,634,940	43
Total equity	2,716,700		2,705,446	71
TOTAL	<u>\$ 3,645,732</u>	_100	<u>\$ 3,795,447</u>	_100

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)



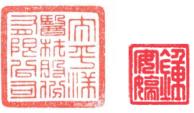
	2022	2021		
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 20)				
Sales	\$ 2,202,844	101	\$ 2,028,094	100
Less: Sales returns and allowances	(17,910)	(1)	(9,345)	
Net operating revenue	2,184,934	100	2,018,749	100
OPERATING COSTS (Notes 4, 8, 18 and 21)				
Cost of goods sold	1,596,964	73	1,495,333	74
GROSS PROFIT	587,970	27	523,416	26
OPERATING EXPENSES (Notes 18, 21 and 27)				
Selling and marketing expense	76,683	4	67,911	4
General and administrative expense	110,672	5	94,811	5
Research and development expense	46,120	2	47,296	2
Total operating expenses	233,475	11	210,018	11
OPERATING INCOME	354,495	16	313,398	15
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 21)	3,721	-	254	-
Other income (Notes 21 and 27)	19,963	1	18,984	1
Other gains and losses (Note 21)	42,332	2	110,000	5
Finance costs (Notes 21 and 27)	(7,031)		(8,610)	
Total non-operating income and expenses	58,985	3	120,628	6
PROFIT BEFORE INCOME TAX	413,480	19	434,026	21
INCOME TAX EXPENSE (Notes 4 and 22)	82,083	4	47,611	2
NET PROFIT FOR THE YEAR	331,397	15	<u>386,415</u> (Co	<u>19</u> ntinued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022					
	A	mount	%	A	mount	%
OTHER COMPREHENSIVE INCOME (Note 18) Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit plans Income tax relating to items that will not be	\$	7,998	-	\$	7,562	1
reclassified subsequently to profit or loss Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of the		(1,600)	-		(1,512)	-
financial statements of foreign operations Income tax relating to items that may be		-	-		4,811	-
reclassified subsequently to profit or loss					(962)	
Other comprehensive income for the year, net of income tax		6,398	<u> </u>		9,899	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$</u>	337,795	15	<u>\$</u>	396,314	20
EARNINGS PER SHARE (Note 23) Basic Diluted		<u>4.56</u> <u>4.54</u>			<u>5.32</u> 5.29	

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)



	Share Capit Ordinary Shares (In	,,,,,	- Capital Surplus		Retained Earnings	Unappropriated	,	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
	Thousands)	Amount	(Note 19)	Legal Reserve	Special Reserve	Earnings	Total	(Notes 4 and 19)	Total Equity
BALANCE AT JANUARY 1, 2021	72,600	\$ 726,000	\$ 344,506	\$ 378,260	\$ 5,321	\$ 1,163,814	\$ 1,547,395	\$ (3,849)	\$ 2,614,052
Appropriation of 2020 earnings Legal reserve Special reserve Cash dividends distributed	- - -	- -	- - -	32,485	(1,472)	(32,485) 1,472 (304,920)	(304,920)	- - -	(304,920)
Net profit for the year ended December 31, 2021	-	-	-	-	-	386,415	386,415	-	386,415
Other comprehensive income for the year ended December 31, 2021, net of income tax	<u> </u>	<u>-</u>	<u>-</u>	<u> </u>	<u>-</u>	6,050	6,050	3,849	9,899
Total comprehensive income for the year ended December 31, 2021						392,465	392,465	3,849	396,314
BALANCE AT DECEMBER 31, 2021	72,600	726,000	344,506	410,745	3,849	1,220,346	1,634,940	-	2,705,446
Appropriation of 2021 earnings Legal reserve Special reserve Cash dividends distributed	- - -	- - -	- - -	39,246 - -	(3,849)	(39,246) 3,849 (326,700)	(326,700)	- - -	(326,700)
Donations from shareholders	-	-	159	-	-	-	-	-	159
Net profit for the year ended December 31, 2022	-	-	-	-	-	331,397	331,397	-	331,397
Other comprehensive income for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u> </u>		6,398	6,398		6,398
Total comprehensive income for the year ended December 31, 2022	<u> </u>	<u> </u>		<u> </u>		337,795	337,795		337,795
BALANCE AT DECEMBER 31, 2022	72,600	<u>\$ 726,000</u>	<u>\$ 344,665</u>	<u>\$ 449,991</u>	<u>\$</u>	<u>\$ 1,196,044</u>	<u>\$ 1,646,035</u>	<u>\$</u>	<u>\$ 2,716,700</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)



	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 413,480	\$ 434,026
Adjustments for:		
Depreciation expenses	143,006	155,265
Amortization expenses	5,364	5,215
Finance costs	7,031	8,610
Interest income	(3,721)	(254)
Gain on disposal of property, plant and equipment	(5,287)	(1,132)
Gain on disposal of non-current assets held for sale	-	(148,802)
Write-downs of inventories	288	378
Net (gain) loss on foreign currency exchange	(33,308)	25,894
Loss on disposal of inventories	2,144	1,492
Changes in operating assets and liabilities		
Notes receivable	2,926	(16,224)
Accounts receivable	(53,854)	(1,019)
Other receivables	(574)	-
Inventories	(33,937)	(27,840)
Prepayments	(133)	(4,931)
Other current assets	736	2,262
Contract liabilities	(21,863)	4,397
Notes payable	(36)	144
Accounts payable	36,186	11,802
Other payables	13,434	(13,546)
Other current liabilities	256	(138)
Net defined benefit liabilities - non-current	(4,509)	(5,163)
Cash generated from operations	467,629	430,436
Interest received	3,532	253
Interest paid	(7,079)	(8,621)
Income tax paid	(32,420)	(102,954)
Net cash generated from operating activities	431,662	319,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for equipment	(8,084)	(5,951)
Proceeds from disposal of non-current assets held for sale	-	405,359
Acquisition of property, plant and equipment	(22,619)	(24,826)
Proceeds from disposal of property, plant and equipment	12,507	10,947
Increase in refundable deposits	(2,371)	(919)
Decrease in refundable deposits	1,068	1,234
Acquisition of intangible assets	(6,812)	(3,195)
Net cash (used in) generated from investing activities	(26,311)	382,649
		(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 20,000	\$ -
Decrease in short-term borrowings	(20,000)	(60,000)
Proceeds from long-term borrowings	-	100,000
Repayments of long-term borrowings	(230,000)	(210,000)
Decrease in guarantee deposits received	(100)	-
Repayment of the principal portion of lease liabilities	(7,694)	(7,574)
Dividends distributed	(326,700)	(304,920)
Overdue dividends	159	
Net cash used in financing activities	(564,335)	(482,494)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN		
CURRENCIES	31,998	(20,849)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(126,986)	198,420
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	815,275	616,855
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 688,289</u>	<u>\$ 815,275</u>

(Concluded)

Deloitte.

勤業衆信

勤業眾信聯合會計師事務所 11073 台北市信義區松仁路100號20樓

Deloitte & Touche 20F, Taipei Nan Shan Plaza No. 100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988 Fax:+886 (2) 4051-6888 www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Pacific Hospital Supply Co., Ltd.

Opinion

We have audited the accompanying financial statements of Pacific Hospital Supply Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Authenticity of Sales Revenue

The revenue of Company mainly comes from the sales of medical equipment. Sales revenue for the year ended December 31, 2022 increased by NT\$174,750 thousand compared to the sales revenue for the year ended December 31, 2021. We assessed that the risks related to sales revenue, that is, whether the transaction actually occurred, is high. Therefore, among the specific customers for the year ended December 31, 2022, customers which showed revenue growth from the year ended December 31, 2021 was identified as one of the key audit matters.

Refer to Note 4 to the financial statements for the accounting policies related to revenue recognition.

Our main audit procedures performed for the abovementioned key audit matter included the following:

- 1. We understood and tested the design and operating effectiveness of the internal controls surrounding the sales revenue recognition process of the abovementioned customers.
- 2. We selected samples from sales records for the abovementioned customers and checked whether they matched the corresponding evidence such as purchase orders, packing lists and export declarations, and tested the collection of receivables to verify the authenticity of the sales transaction.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chao-Ling Chen and Chun-Ming Hsueh.

Deloitte & Touche Taipei, Taiwan Republic of China

February 22, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Legal reserve



	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 688,289	19	\$ 815,275	21
Notes receivable (Notes 4 and 7)	28,749	1	31,675	1
Accounts receivable (Notes 4, 5, 7 and 20)	203,802	5	148,638	4
Other receivables (Notes 4 and 7)	10,652	-	6,838	-
Inventories (Notes 4 and 8)	366,729	10	335,224	9
Prepayments	23,970	10	23,837	1
Other current assets (Note 15)	2,825		3,561	
Total current assets	1,325,016	<u> </u>	1,365,048	36
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11, 24 and 28)	1,750,099	48	1,855,740	49
Right-of-use assets (Notes 4, 12 and 27)	426,992	12	435,584	12
Investment properties (Notes 4, 13 and 28)	91,565	3	91,873	2
Other intangible assets (Notes 4 and 14)	5,762	-	4,314	-
Deferred tax assets (Notes 4 and 22)	10,028	-	14,489	-
Net defined benefit assets-non-current (Notes 4 and 18)	7,495	-	-	-
Other non-current assets (Notes 15 and 24)	28,775	1	28,399	1
Total non-current assets	2,320,716	64	2,430,399	64
TOTAL	<u>\$ 3,645,732</u>	100	<u>\$ 3,795,447</u>	100
LIABILITIES AND EQUITY CURRENT LIABILITIES				
Contract liabilities (Note 20)	\$ 32,615	1	\$ 54,478	2
Notes payable	2,508	-	2,544	-
Accounts payable	203,267	6	167,081	4
Other payables (Notes 17 and 24)	195,022	5	179,107	5
Current tax liabilities (Notes 4 and 22)	53,744	2	5,660	-
Lease liabilities - current (Notes 4, 12 and 27)	13,241	-	12,969	-
Other current liabilities (Note 17)	2,445		2,189	
Total current liabilities	502,842	14	424,028	11
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 28)	-	-	230,000	6
Deferred tax liabilities (Notes 4 and 22)	1,769	-	-	-
Lease liabilities - non-current (Notes 4, 12 and 27)	423,777	11	430,217	12
Net defined benefit liabilities - non-current (Notes 4 and 18)	-	-	5,012	-
Guarantee deposits (Note 17)	644		744	
Total non-current liabilities	426,190	11	665,973	
Total liabilities	929,032	25	1,090,001	29
EQUITY (Note 19)				
Share capital				
Ordinary shares	726,000	20	726,000	19
Capital surplus	344,665	10	344,506	9
Retained earnings				
L agal reserve	440.001	12	410 745	11

Special reserve	-	-	3,849	-
Unappropriated earnings	1,196,044	33	1,220,346	32
Total retained earnings		45	1,634,940	43
Total equity	2,716,700	75	2,705,446	71
TOTAL	<u>\$ 3,645,732</u>	100	<u>\$ 3,795,447</u>	100

410,745

11

449,991

12

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)



	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 20) Sales Less: Sales returns and allowances	\$ 2,202,844 (17,910)	101 <u>(1</u>)	\$ 2,028,094 (9,345)	100
Net operating revenue	2,184,934	100	2,018,749	100
OPERATING COSTS (Notes 4, 8, 18 and 21) Cost of goods sold	1,596,964	73	1,495,333	74
GROSS PROFIT	587,970	27	523,416	26
OPERATING EXPENSES (Notes 18, 21 and 27) Selling and marketing expense General and administrative expense Research and development expense Total operating expenses	76,683 110,672 <u>46,120</u> <u>233,475</u>	$\begin{array}{c} 4\\ 5\\ \underline{2}\\ \underline{11} \end{array}$	67,911 93,696 <u>47,296</u> <u>208,903</u>	4 5 <u>2</u> <u>11</u>
OPERATING INCOME	354,495	16	314,513	<u> 15</u>
NON-OPERATING INCOME AND EXPENSES Interest income (Note 21) Other income (Notes 21 and 27) Other gains and losses (Note 21) Finance costs (Notes 21 and 27) Share of profit or loss of subsidiaries accounted for using the equity method (Note 4)	3,721 19,963 42,332 (7,031)	- 1 2 -	242 18,984 118,368 (8,610) (9,471)	- 1 6 - (1)
Total non-operating income and expenses	58,985	3	119,513	6
PROFIT BEFORE INCOME TAX	413,480	19	434,026	21
INCOME TAX EXPENSE (Notes 4 and 22)	82,083	4	47,611	2
NET PROFIT FOR THE YEAR	331,397	15	<u>386,415</u> (Co	<u>19</u> ntinued)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022			2021	
	A	mount	%	A	mount	%
OTHER COMPREHENSIVE INCOME (Note 18) Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit plans Income tax relating to items that will not be	\$	7,998	-	\$	7,562	1
reclassified subsequently to profit or loss Items that may be reclassified subsequently to profit or loss:		(1,600)	-		(1,512)	-
Exchange differences on translation of the financial statements of foreign operations Income tax relating to items that may be		-	-		4,811	-
reclassified subsequently to profit or loss					(962)	<u> </u>
Other comprehensive income for the year, net of income tax		6,398			9,899	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$</u>	337,795	15	<u>\$</u>	396,314	20
EARNINGS PER SHARE (Note 23) Basic Diluted		<u>\$ 4.56</u> <u>\$ 4.54</u>			<u>\$ 5.32</u> <u>\$ 5.29</u>	

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)



	Share Capit Ordinary Shares (In Thousands)	al (Note 19) Amount	- Capital Surplus (Note 19)	Retained Earnings (Notes 4, 19 and 23)UnappropriatedLegal ReserveSpecial ReserveEarningsTotal				Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 4 and 19)	Total Equity
BALANCE AT JANUARY 1, 2021	72,600	\$ 726,000	\$ 344,506	\$ 378,260	\$ 5,321	\$ 1,163,814	\$ 1,547,395	\$ (3,849)	\$ 2,614,052
Appropriation of 2020 earnings Legal reserve Special reserve Cash dividends distributed	- - -	- - -	- - -	32,485	(1,472)	(32,485) 1,472 (304,920)	(304,920)	- - -	(304,920)
Net profit for the year ended December 31, 2021	-	-	-	-	-	386,415	386,415	-	386,415
Other comprehensive income for the year ended December 31, 2021, net of income tax	<u>-</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	6,050	6,050	3,849	9,899
Total comprehensive income for the year ended December 31, 2021	<u>-</u>	<u> </u>				392,465	392,465	3,849	396,314
BALANCE AT DECEMBER 31, 2021	72,600	726,000	344,506	410,745	3,849	1,220,346	1,634,940	-	2,705,446
Appropriation of 2021 earnings Legal reserve Special reserve Cash dividends distributed	- - -	- - -	- - -	39,246	(3,849)	(39,246) 3,849 (326,700)	(326,700)	- - -	(326,700)
Donations from shareholders	-	-	159	-	-	-	-	-	159
Net profit for the year ended December 31, 2022	-	-	-	-	-	331,397	331,397	-	331,397
Other comprehensive income for the year ended December 31, 2022, net of income tax	<u>-</u>		<u>-</u>	<u>-</u>		6,398	6,398	<u>-</u>	6,398
Total comprehensive income for the year ended December 31, 2022				<u> </u>		337,795	337,795		337,795
BALANCE AT DECEMBER 31, 2022	72,600	<u>\$ 726,000</u>	<u>\$ 344,665</u>	<u>\$ 449,991</u>	<u>\$ </u>	<u>\$ 1,196,044</u>	<u>\$ 1,646,035</u>	<u>\$</u>	<u>\$ 2,716,700</u>

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)



	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 413,480	\$ 434,026
Adjustments for:	- /	
Depreciation expenses	143,006	154,786
Amortization expenses	5,364	5,215
Finance costs	7,031	8,610
Interest income	(3,721)	(242)
Investment loss accounted for using equity method	-	9,471
Gain on disposal of property, plant and equipment	(5,287)	(536)
Gain on disposal of non-current assets held for sale	-	(148,802)
Write-downs of inventories	288	378
Net (gain) loss on foreign currency exchange	(33,308)	25,238
Loss on disposal of inventories	2,144	1,492
Changes in operating assets and liabilities		
Notes receivable	2,926	(16,224)
Accounts receivable	(53,854)	(1,019)
Other receivables	(574)	(1)
Inventories	(33,937)	(27,840)
Prepayments	(133)	(5,026)
Other current assets	736	525
Contract liabilities	(21,863)	4,402
Notes payable	(36)	144
Accounts payable	36,186	11,802
Other payables	13,434	(13,327)
Other current liabilities	256	(132)
Net defined benefit liabilities - non-current	<u>(4,509</u>)	(5,163)
Cash generated from operations	467,629	437,777
Interest received	3,532	241
Interest paid	(7,079)	(8,621)
Income tax paid	(32,420)	(102,954)
Net cash generated from operating activities	431,662	326,443
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for equipment	(8,084)	(5,951)
Net cash inflow on disposal of subsidiaries (Note 10)	-	115,291
Proceeds from disposal of non-current assets held for sale	-	405,359
Acquisition of property, plant and equipment	(22,619)	(24,826)
Proceeds from disposal of property, plant and equipment	12,507	7,486
Increase in refundable deposits	(2,371)	(919)
Decrease in refundable deposits	1,068	1,098
Acquisition of intangible assets	(6,812)	(3,195)
Net cash (used in) generated from investing activities	(26,311)	494,343
-		(Continued)

(Continued)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 20,000	\$ -
Decrease in short-term borrowings	(20,000)	(60,000)
Proceeds from long-term borrowings	-	100,000
Repayments of long-term borrowings	(230,000)	(210,000)
Decrease in guarantee deposits received	(100)	-
Repayment of the principal portion of lease liabilities	(7,694)	(7,574)
Cash dividends distributed	(326,700)	(304,920)
Overdue dividends	159	
Net cash used in financing activities	(564,335)	(482,494)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN		
CURRENCIES	31,998	(25,033)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(126,986)	313,259
		,
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	815,275	502,016
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 688,289</u>	<u>\$ 815,275</u>

(Concluded)



Unit: NT\$

Item	Amount	Remarks
Opening undistributed earnings	858,247,263	
Add: After-tax net profit for the current period	331,397,576	
Add: Remeasurement of defined benefit plans of the current year	6,398,674	
Less: 10% provision for legal reserve	(33,779,625)	
Distributable earnings for the period	1,162,263,888	
Shareholders' dividends NT\$ 4.2 per share (Cash dividends NT\$ 4.2 per share)	(304,920,000)	
Closing undistributed earnings	857,343,888	

Note 1: The Company has plans to, per Articles of Incorporation, set aside the legal reserve, and has proposed to distribute shareholders' dividen at NT\$304,920,000 to be distributed in cash. The foresaid shareholders' cash dividen is compliant with Articles of Incorporation of no less than 20% of the total dividend amount.

Note 2: The 2022 earnings are to be distributed with priority at the current earnings distribution.

Representative : An-Ting Chung

Manager : Tim Chiang

Accounting Head : Yu-Shiu Huang





