

Stock Code: 1788



Hi-Clearance Inc.

**2024 Annual Shareholders'
Meeting**

Meeting Handbook

**Method of Convening: Physical
Shareholders Meeting**

Website: <https://mops.twse.com.tw>

May 29, 2024

Hi-Clearance Inc.

Handbook for the 2024 Annual Meeting of Shareholders

Table of Contents		Page
Chapter 1	Meeting Procedure	2
Chapter 2	Meeting Agenda	3
	I. Management Presentation	4
	II. Proposals	6
	III. Discussions	7
	IV. Questions and Motions	7
Chapter 3	Attachments	
	Attachments 1 Business Report	8
	Attachments 2 Audit Committee's Review Report	11
	Attachments 3 Comparison Table of Amended Articles of Rules of Procedure for Shareholder Meetings	12
	Attachments 4 2023 Independent Auditors' Report and Financial Statements	14
	Attachments 5 Comparison Table of Amendments to Articles of Incorporation	28
Chapter 4	Appendices	
	Appendix 1 Articles of Incorporation	29
	Appendix 2 Rules of Procedure for Shareholder Meetings	35
	Appendix 3 Current Shareholding of Directors	43

Hi-Clearance Inc.

Procedure for the 2024 Annual Shareholders' Meeting

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Management Presentation

IV. Proposals

V. Discussions

VI. Questions and Motions

VII. Adjournment

Hi-Clearance Inc.

Agenda of 2024 Annual Meeting of Shareholders

Time: 9:00 a.m., Wednesday, May 29, 2024

Place: Conference Room, 2F., No. 87, Dongfeng St., Shulin Dist., New Taipei City 238,
Taiwan (R.O.C.)

Chairperson: Lee Chung-Liang

- I. Call the Meeting to Order (Reporting the Number of Shares Represented at the Meeting)
- II. Chairperson's Remarks
- III. Management Presentation:
 - (I) Business Report for 2023
 - (II) Audit Committee's Review Report on the 2023 Financial Statements
 - (III) Compensation for Employees and Directors in 2023
 - (IV) The Status of Endorsement and Guarantee of 2023
 - (V) Amendment to Rules of Procedure for Board of Directors Meetings
- IV. Proposals:
 - (I) Adoption of the 2023 Financial Statements
 - (II) Adoption of the Proposal for Distribution of 2023 Profits
- V. Discussions:
 - (I) Amendment to the Articles of Incorporation
- VI. Questions and Motions
- VII. Adjournment

Management Presentation

Case 1

Content: Business Reports for 2023

Explanation: The Business Report for 2023 is attached as p. 8-10, Attachment 1.

Case 2

Content: Audit Committee's Review Report on the 2023 Financial Statements

Explanation: Audit Committee's Review Report on the 2023 Financial Statements is attached as p. 11, Attachment 2.

Case 3

Content: Compensation for Employees and Directors in 2023

Explanation:

1. According to Article 19 of the Articles of Incorporation, "After deducting compensation for employees, directors, and supervisors from the net profits before tax of the current year, the Company shall reserve the remaining profits to cover accumulated losses. Any remaining balance, if applicable, shall be distributed, with a minimum of 1% allocated as compensation for employees and a maximum of 3% as compensation for directors and supervisors." This proposal is for the current distribution.
2. The current distribution proposed to distribute NT\$4,319,723 (1%) for 2023 as compensation for employees, and NT\$12,959,170 (3%) for 2023 as compensation for directors and supervisors, to be paid in cash.

Case 4

Content: The Status of Endorsement and Guarantee of 2023

Explanation: Please refer to the Summary of Endorsements and Guarantees for 2023 as below.

Endorsee/ Guarantee	Executing Bank	Purpose of Endorsement and Guarantee	Amount for Endorsement and Guarantee	Date of Resolution by the Board of Directors	Accumulated Utilized Amount as of December 31, 2023
Sin Hwa Biotech Co., Ltd. (Shares)	Mega International Commercial Bank	Operational turnover	NT\$50,000,000	2015.01.20	NT\$0 thousand
HC-Healthcare Co., Ltd. (Shares)	CTBC Bank Co., Ltd.	Operational turnover	NT\$120,000,000	2020.08.07	NT\$91,565 thousand

Case 5

Content: Amendment to Rules of Procedure for Board of Directors Meetings

Explanation:

1. According to Jin-Guan-Zheng-Fa No. 1120383996 issued by Financial Supervisory Commission R.O.C (Taiwan) on January 11, 2024, the "Rules of Procedure for Shareholder Meetings" of the Company have been amended.
2. Please refer to page 12 (Attachment 3) for a comparison table of the amended articles.

Proposals

Case 1

Proposed by the Board

Proposal: Adoption of the 2023 Financial Statements

Explanation:

1. Hi-Clearance Incorporated's parent company only financial statements and consolidated financial statements, were audited by independent auditors, Lin Heng-Sheng and Yu Chi-Lung of KPMG Taiwan. The audit reports have been issued. Please refer to p. 14-25, Attachment 4.
2. The above-mentioned Business Report and Financial Statements for 2023 have been approved by the board of directors and reviewed by Audit Committee.

Resolution:

Case 2

Proposed by the Board

Proposal: Adoption of the Proposal for Distribution of 2023 Profits

Explanation:

1. In accordance with the Company Act and Articles of Incorporation.
2. Please refer to the 2023 Profit Distribution Table below.

Hi-Clearance Inc.
Profit Distribution Table
2023

(Unit: NT\$)

Items	Total
Unappropriated retained earnings	191,483,072
Add (Less):	
Net profit after tax	347,983,924
Gains (losses) on re-measurements of defined benefit plans	(581,713)
10% legal reserve	(34,740,221)
Special reserve	(1,869,021)
Total earnings available for distribution for the period	<u>502,276,041</u>
Distribution item	
Shareholder Dividend - Cash dividend of NT\$7 per share	(311,646,797)
Unappropriated retained earnings at the end of period	<u>\$190,629,244</u>

Chairman:

Manager:

Principal Accounting Officer:

Resolution:

Discussions

Case 1

Proposed by the Board

Proposal: Amendment to the Company Articles of Incorporation.

Explanation:

1. A specific and transparent dividend policy has been established and disclosed in the annual report to provide investors with convenient access to relevant information.
2. Please refer to page 26 (Attachment 5) for a comparison table of the amended articles.

Questions and Motions:

Adjournment

Attachment 1

Hi-Clearance Inc. Business Report for 2023

Dear shareholders:

Here is the report on the operational performance of 2023 and the operational plan for 2024:

I. Operational Performance for 2023:

(I) Financial Results:

(In Thousands of New Taiwan Dollars)

Items	Actual Figures for 2023	Actual Figures for 2022	Percentage Increase (Decrease)
Net Operating Revenue	3,429,643	4,283,514	-19.93%
Gross Profit	858,534	879,601	-2.40%
Operating Income	296,500	336,233	-11.82%
Non-operating Revenue	118,193	94,595	24.95%
Net Income before Tax	414,693	430,828	-3.75%
Income Tax	(66,709)	(64,400)	3.59%
Net Profit after Tax	347,984	366,428	-5.03%

(II) Status of Budget Execution:

The Company has reviewed the budget execution for 2023 and found no significant abnormalities or differences, achieving a close approximation to the budget targets.

(III) Analysis of Financial Income and Expenses:

(In Thousands of New Taiwan Dollars)

Items	Content	2023	2022
Revenues and Expenditures	Net Operating Revenue	3,429,643	4,283,514
	Gross Profit	858,534	879,601
	Net Profit after Tax	347,984	366,428
Profitability	Return on Assets (%)	9.14	9.85
	Return on Stockholders' Equity (%)	12.83	15.45
	Operating Income to Paid-in Capital Ratio (%)	66.60	82.98
	Income Before Tax to Paid-in Capital Ratio (%)	93.15	106.32
	Profit Margin (%)	10.15	8.55
	Earnings per Share (in Dollars)	8.01	9.06

(IV) Status of Research and Development:

As the Company is not engaged in manufacturing, we do not have a research and development division. During 2023, the Company focused on promoting products in the fields of hemodialysis, dental materials, radiation diagnostic catheters and guidewires, respiratory therapy equipment, emergency rescue equipment, anesthesia consumables, sleep apnea auxiliary equipment, minimally invasive spinal surgery equipment, home care equipment, and specialized nutritional products for kidney disease. The Company continues to build a more comprehensive medical professional channel.

II. Summary of 2024 Business Plan:

(I) Operations Strategy

(1) Enhancing the core products within the scope of operations.

- a. For nephrology products: Continuously establish a more comprehensive sales platform for hemodialysis products, providing a diverse range of high-quality products and services.
- b. For dental products: Establish a more comprehensive range dental implant, artificial tooth roots, and 3D navigation with dental curing light equipment for dental implants, in conjunction with related biomaterials, providing dentists and patients with a comprehensive solution.
- c. For radiation diagnostic products: Develop new products for brain vessels, such as functional catheters and guidewires, and peripheral vascular access catheters.
- d. For home care products: Focus on preventive healthcare products and nutritional products, providing the public with home care equipment for testing blood sugar, blood pressure, blood lipids, blood oxygen, and oxygen concentrator.
- e. For critical care medical products: Develop respiratory care equipment, emergency defibrillators, anesthesia consumables, while expanding into the field of sleep apnea auxiliary therapy equipment.
- f. For spinal minimally invasive surgery equipment: Enter the field of spinal medical equipment, such as computer-assisted spinal surgery equipment and spinal endoscope minimally invasive surgery equipment.

- (2) Medical Management Service System
Leveraging the advantage of product agency, we aim to develop medical management services, and establish consultancy services for hemodialysis center management.
- (3) Expanding Into Foreign Market
 - a. Dental Materials: Agent for collagen-based dental filling products in China.
 - b. Hemodialysis products: Enter the Indonesian hemodialysis market and sell hemodialysis products.
- (II) Business goals: Focus on the current medical field, continue to introduce new products, provide doctors with more professional services, and ensure that patients receive the most appropriate medical quality, aiming to become Taiwan's leading professional medical channel platform.
- (III) Key Production and Sales Policies and Company's Future Development Strategies:
 - (1) In accordance with the government's implementation of the Medical Devices Act, we will establish medical logistics warehouses in various regions to build a stronger supporting system.
 - (2) Continuously strengthen the distribution channels in Taiwan's medical market for existing products, train more professionals, provide high-quality services to the public, hospitals, and clinics, and expand the scale of operations.
 - (3) Form alliances with renowned medical equipment domestical and international manufacturers, introduce strategic partners, integrate production and sales channels, and expand the operational platform.
 - (4) Based on the Financial Supervisory Commission's promotion of the Corporate Governance 3.0 - Sustainable Development Roadmap, we will continue to review and implement various measures to strengthen corporate governance capabilities and enhance sustainable development.

Chairman:

General Manager:

Principal Accounting Officer:

Attachment 2

Hi-Clearance Inc.

Audit Committee's Review Report

The Board of Directors has submitted the Business Report, Consolidated Financial Statements, Parent Company Only Financial Statements, and the Proposal for Profit Distribution for 2023. The consolidated financial statements and parent company only financial statements have been audited by independent auditors Lin Heng-Sheng and Yu Chi-Lung of KPMG Taiwan. The audit reports have been issued.

The aforementioned documents submitted by the Board of Directors have been reviewed by the Audit Committee and found to be in compliance. Therefore, pursuant to the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this is submitted for inspection.

To:

2024 Annual Shareholders' Meeting of Hi-Clearance Inc.

Chairman of the Audit Committee: Chuang Chien-Yu

February 22, 2024

Attachment 3 Comparison Table of Amended Articles of Rules of Procedure for Shareholder Meetings

Before amendment	After amendment	Explanation
<p>Article 12 Convening the Board Meeting</p> <p>When the time of a meeting has arrived and over one-half all board directors are present, the meeting chair shall immediately call the meeting to order. But if less than half of the directors are present, the chairman may announce a postponement of the meeting, with a limit of two postponements. If the second postponement is still not enough, the chairman has the authority to call for another meeting following the procedures outlined in Article III.</p> <p>.... Rest omitted.</p>	<p>Article 12 Convening the Board Meeting</p> <p>When the time of the board of directors' meeting has arrived and over one-half all board directors are present, the meeting chair shall immediately call the meeting to order. But if less than half of the directors are present, the chairperson may announce a postponement of the meeting to the same day, with a limit of two postponements. If the second postponement is still not enough, the chairman has the authority to call for another meeting following the procedures outlined in Article III.</p> <p>.... Rest omitted.</p>	<p>To avoid disputes arising from the uncertainty of the duration of the board of directors' meeting, it is hereby stipulated that when the number of attendees is insufficient, the chairperson may announce a <u>postponement of the meeting, limited to the same day.</u></p>
<p>Article 13 Discussion of Proposals</p> <p>The Company's board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not declare the meeting adjourned without the approval of a</p>	<p>Article 13 Discussion of Proposals</p> <p>The Company's board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not declare the meeting adjourned without the approval of a</p>	<p>Considering practicality, in the event that the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to announce the adjournment of the meeting, to avoid disrupting the operation of the board of directors, a new Paragraph 4 is added to specify that the</p>

Before amendment	After amendment	Explanation
<p>majority of directors present at the meeting.</p> <p>If the directors sitting at the meeting are not more than half of the directors present at the meeting at any time during the proceeding of a board of directors meeting, then upon motion by the directors sitting at the meeting, the chairperson shall declare the suspension of the meeting, in which case Paragraph 1 of preceding Article shall apply mutatis mutandis.</p> <p>The chairperson has the authority to decide when to announce a break or engage in negotiations during the meeting.</p>	<p>majority of directors present at the meeting.</p> <p>If the directors sitting at the meeting are not more than half of the directors present at the meeting at any time during the proceeding of a board of directors meeting, then upon motion by the directors sitting at the meeting, the chairperson shall declare the suspension of the meeting, in which case Paragraph 1 of preceding Article shall apply mutatis mutandis.</p> <p>The chairperson has the authority to decide when to announce a break or engage in negotiations during the meeting.</p> <p><u>During the board of directors' meeting, if the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to announce the adjournment of the meeting in accordance with the provisions of the second paragraph, in which case Paragraph 2, Article 10 shall apply mutatis mutandis.</u></p>	<p>appointment of a proxy shall be handled mutatis mutandis in accordance with the Paragraph 2, Article 10.</p>

Attachment 4

Independent Auditors' Report

Board of Directors of Hi-Clearance Inc. herein declares:

Opinions

The 2023 and 2022 balance sheet of Hi-Clearance Inc., as well as the comprehensive income statement, statement of changes in equity, statement of cash flows, and notes to the Parent Company Only Financial Statements for the period from January 1 to December 31 of the years 2023 and 2022 (including the aggregation of significant accounting policies), have been audited by our CPAs.

In our opinion, the Parent Company Only Financial Statements mentioned above has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the financial conditions of Hi-Clearance Inc. as of December 31, 2023 and 2022, as well as its financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinions

The audit was conducted in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Hi-Clearance Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence 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 Parent Company Only Financial Statements of Hi-Clearance Inc. for the year 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Critical matters that should be communicated in the audit report are as follows:

I. Revenue Recognition

For the accounting policies related to revenue recognition, please refer to Note 4 (XV) of the Parent Company Only Financial Statements. For details of revenue, please refer to Note 6 (XX).

Explanation of key audit matters:

Hi-Clearance Inc. is primarily involved in the trading of medical equipment and pharmaceuticals. Revenue recognition is one of the critical assessment matters that performed in the audit of the financial report of Hi-Clearance Inc., and it is expected to be a matter of concern to users or recipients of the report.

Audit procedures:

The CPAs perform the following key audit procedures regarding the aforementioned matters:

- Evaluate whether the revenue recognition policy of the Hi-Clearance Inc. is in accordance with relevant regulations.
- Assess the efficacy of the design and implementation of the internal control system for sales revenue.
- Conduct comparative analysis on the top ten sales customers to evaluate if there are any significant anomalies compared to the same period of the previous year.
- Reconcile certificates in the period before and after the selected balance sheet date, in order to record the appropriate cut-off date for evaluating sales revenue, etc.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing Hi-Clearance Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Hi-Clearance Inc. 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 Hi-Clearance Inc.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole is free from material misstatements, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Hi-Clearance Inc.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 Hi-Clearance Inc.'s ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Hi-Clearance Inc. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Sufficient and appropriate audit evidence about the financial information of investees under equity-method shall be obtained in order to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of Hi-Clearance Inc.

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.

Those charged with governance are also provided with a statement that complies with relevant ethical requirements regarding independence, and the CPAs communicate with the governance unit all relationships and other matters that may affect their independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters of Hi-Clearance Inc.'s Parent Company Only Financial Statements for the year 2023. 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.

KPMG Taiwan

CPA:

Securities authorities approval document no.: Tai-Cai-Zheng-6 No.0930105495
Tai-Cai-Zheng-6 No.0920122026

February 22, 2024

Hi-Clearance Inc.
Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

		12.31.2023		12.31.2022				12.31.2023		12.31.2022	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Notes 6 (I))	\$ 153,294	4	143,267	4	2100	Short-term loans (Note 6 (XI) and Note 8)	\$ -	-	410,000	11
1150	Net amount of notes receivable (Note 6 (IV), (XX) and Note 8)	211,079	5	197,138	5	2120	Financial liabilities at fair value through profit or loss - current (Note 6 (II))	240	-	36	-
1170	Net amount of accounts receivable (pNote 6 (IV), (XX))	749,399	19	706,813	19	2130	Contract liabilities - current (Note 6 (XX))	13,920	-	11,798	-
1180	Net amount of accounts receivable - related parties (Notes 6 (IV), (XX) and Note 7)	105,330	3	121,905	3	2150	Notes payable	7,515	-	7,625	-
1197	Net amount of financial leases receivable (Note 6 (IV) (XX))	39,337	1	42,209	1	2170	Accounts payable	624,350	16	650,971	17
1200	Other receivables	650	-	5,370	-	2180	Accounts payable - related parties (Note 7)	2,447	-	1,280	-
1212	Other receivables - related parties (Note 7)	331	-	205	-	2200	Other payables (Note 6 (XV))	163,933	4	172,700	5
1300	Inventory (Note 6 (V))	629,386	16	693,141	18	2220	Other payables - related parties (Note 7)	15,166	-	22,134	1
1410	Prepayments	65,209	2	58,028	2	2230	Current income tax liabilities	19,989	1	40,065	1
1476	Other financial assets - current (Note 8)	2,647	-	6,265	-	2280	Lease liabilities - current (Note 6 (XIII))	1,200	-	755	-
1479	Other current assets - others	3,534	-	3,408	-	2300	Other current liabilities	25,206	1	15,107	-
Total current assets		1,960,196	50	1,977,749	52	Total current liabilities		873,966	22	1,332,471	35
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (III))	268	-	268	-	2527	Contract liabilities - non-current (Note 6 (XX))	18,713	1	14,441	-
1550	Investments accounted for using the equity method (Note 6 (VI))	795,282	20	749,070	20	2570	Deferred income tax liabilities (Note 6 (XVI))	8,372	-	8,079	-
1600	Property, plant, and equipment (Note 6 (VII) and 8)	923,971	24	908,543	24	2580	Lease liabilities - non-current (Note 6 (XIII))	2,256	-	2,540	-
1755	Right-of-use assets (Note 6(VIII))	3,363	-	3,216	-	2600	Other non-current liabilities (Note 6 (XV))	134	-	5,151	-
1760	Net amount of investment property (Note 6 (IX))	26,101	1	26,110	1	Total non-current liabilities		29,475	1	30,211	-
1780	Intangible assets (Note 6 (X))	21,429	1	-	-	Total liabilities		903,441	23	1,362,682	35
1840	Deferred tax assets (Note 6(XVI))	4,917	-	14,699	-	Equity (Note 6 (XII)(XVII)):					
1930	Net amount of long-term notes receivable (Note 6 (IV), (XX) and Note 8)	7,168	-	6,167	-	3100	Capital stock	445,210	12	405,210	11
194D	Net amount of long-term financial leases receivable (Note 6 (IV), (XX))	96,086	3	78,114	2	3200	Capital surplus	1,601,988	41	1,130,866	30
1990	Other non-current assets - others	48,528	1	38,274	1	3300	Retained earnings	943,984	24	908,228	24
Total non-current assets		1,927,113	50	1,824,461	48	3400	Other equity	(7,314)	-	(4,776)	-
						Total equity		2,983,868	77	2,439,528	65
						Total liabilities and equity		\$ 3,887,309	100	3,802,210	100
Total assets		\$ 3,887,309	100	3,802,210	100						

(Please refer to the notes of the Parent Company Only Financial Statements)
Executive: Chen Kuo-Shih

Chairman: Lee Chung-Liang

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc.
Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (XX) and 7)	\$ 3,429,643	100	4,283,514	100
5000	Operating costs (Note 6 (V) and 7)	2,571,109	75	3,403,913	79
	Gross profit	858,534	25	879,601	21
	Operating expenses (Notes 6 (IV), (XIII), (XV), (XXI) and Note 7)				
6100	Selling and marketing expenses	334,550	10	321,150	7
6200	General and administrative expenses	222,609	6	216,432	5
6450	Expected credit loss	4,875	-	5,786	-
	Total operating expenses	562,034	16	543,368	12
	Net operating income	296,500	9	336,233	9
	Non-operating income and expenses:				
7100	Interest income(Note 6 (XXII) and Note 7)	9,234	-	8,495	-
7010	Other income (Note 6 (XIV), (XXII) and Note 7)	11,224	-	11,378	-
7020	Other gains and losses (Note 6 (XXII))	9,583	-	(14,261)	-
7050	Finance costs (Note 6 (XI), (XII), and (XXII))	(4,139)	-	(4,967)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method (Note 6 (VI))	92,291	3	93,950	2
	Total non-operating income and expenses	118,193	3	94,595	2
7900	Income before tax	414,693	12	430,828	11
7950	Deduction: Income tax expenses (Note 6 (XVI))	66,709	2	64,400	2
	Net income for the period	347,984	10	366,428	9
8300	Other comprehensive income:				
8310	Components that will not be reclassified to profit or loss				
8311	Gains (losses) on re-measurements of defined benefit plans (Note 6 (XV))	(557)	-	8,391	-
	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - items not reclassified to profit or loss	(693)	-	(926)	-
8330	Total components not reclassified to profit or loss	(1,250)	-	7,465	-
8360	Components that may be reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	(1,869)	-	794	-
	Total components that may be reclassified to profit or loss	(1,869)	-	794	-
8300	Other comprehensive income (net after tax)	(3,119)	-	8,259	-
	Total comprehensive income for the period	\$ 344,865	10	374,687	9
	Earnings per share(NT\$) (Note 6 (XIX))				
9750	Basic earnings per share (NT\$)	\$ 8.01		9.06	
9850	Diluted earnings per share (NT\$)	\$ 7.98		9.03	

(Please refer to the notes of the Parent Company Only Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Retained Earnings						Other equity items		
	Capital Stock - Common Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translation of financial statements of foreign operations	Others	Total Equity
Balance as of January 1, 2022	\$ 400,232	1,091,203	329,317	4,934	483,731	817,982	(5,570)	-	2,303,847
Appropriation and distribution of earnings:									
Legal reserve	-	-	33,616	-	(33,616)	-	-	-	-
Special reserve	-	-	-	635	(635)	-	-	-	-
Cash dividends of common stock	-	-	-	-	(283,647)	(283,647)	-	-	(283,647)
Modifications to other capital reserves									
Receipt of donation	-	31	-	-	-	-	-	-	31
Net income for the period	-	-	-	-	366,428	366,428	-	-	366,428
Other comprehensive income	-	-	-	-	7,465	7,465	794	-	8,259
Total comprehensive income for the period	-	-	-	-	373,893	373,893	794	-	374,687
Converging convertible bonds	4,978	39,632	-	-	-	-	-	-	44,610
Balance as of December 31, 2022	405,210	1,130,866	362,933	5,569	539,726	908,228	(4,776)	-	2,439,528
Appropriation and distribution of earnings:									
Legal reserve	-	-	37,389	-	(37,389)	-	-	-	-
Cash dividends of common stock	-	-	-	-	(311,647)	(311,647)	-	-	(311,647)
Reversal of special reserve	-	-	-	(793)	793	-	-	-	-
Modifications to other capital reserves									
Receipt of donation	-	28	-	-	-	-	-	-	28
Net income for the period	-	-	-	-	347,984	347,984	-	-	347,984
Other comprehensive income	-	-	-	-	(581)	(581)	(1,869)	(669)	(3,119)
Total comprehensive income for the period	-	-	-	-	347,403	347,403	(1,869)	(669)	344,865
Cash capital increase	40,000	458,750	-	-	-	-	-	-	498,750
Share-based payment	-	12,344	-	-	-	-	-	-	12,344
Balance as of December 31, 2023	\$ 445,210	1,601,988	400,322	4,776	538,886	943,984	(6,645)	(669)	2,983,868

(Please refer to the notes of the Parent Company Only Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc.
Cash Flow
January 1 to December 31, 2023 and 2022

	Unit: NT\$ thousand	
	2023	2022
Cash flows from operating activities:		
Income before tax for the period	\$ 414,693	430,828
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	41,612	37,882
Amortization expenses	2,381	-
Expected credit loss	4,875	5,786
Net loss on financial assets and liabilities at fair value through profit or loss	625	1,720
Interest expenses	4,139	4,967
Interest income	(9,234)	(8,495)
Dividend income	(4)	(4)
Share-based remuneration cost	12,344	-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(92,291)	(93,950)
Gains (losses) on disposal of property, plant, and equipment	(1,204)	8,587
Total adjustments to reconcile profit (loss)	<u>(36,757)</u>	<u>(43,507)</u>
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	68	748
Decrease (increase) in notes receivable	(14,982)	19,604
Decrease (increase) in accounts receivable	(47,269)	12,355
Decrease (increase) in accounts receivable - related parties	16,575	(10,077)
Decrease in other receivables	4,720	8,441
Other receivables - decrease (increase) in related parties	(126)	309
Decrease (increase) in inventory	32,384	(86,548)
Increase in finance lease receivables	(15,252)	(1,900)
Increase in prepayments	(30,281)	(20,289)
Decrease (increase) in other current assets	(126)	4,679
Decrease in other financial assets	3,618	1,656
Increase in other operating assets	(1,598)	(912)
Total net changes in assets related to operating activities	<u>(52,269)</u>	<u>(71,934)</u>
Decrease in financial liabilities at fair value through profit or loss	(489)	(3,630)
Increase (decrease) in contractual liabilities	6,394	(298)
Decrease in notes payable	(110)	(6,203)
Increase (decrease) in accounts payable	(26,621)	22,184
Accounts payable - increase (decrease) in related parties	1,167	(15,134)
Decrease in other payables	(11,120)	(3,513)
Other payables - increase (decrease) in related parties	(6,968)	1,631
Increase in other current liabilities	10,099	4,780
Decrease in other operating liabilities	(5,574)	(7,363)
Total net changes in liabilities related to operating activities	<u>(33,222)</u>	<u>(7,546)</u>
Total net changes in assets and liabilities related to operating activities	<u>(85,491)</u>	<u>(79,480)</u>
Total adjustment items:	<u>(122,248)</u>	<u>(122,987)</u>
Cash generated from operations	292,445	307,841
Interest received	9,234	8,495
Dividends received	76,962	58,563
Interest paid	(4,139)	(4,767)
Income tax paid	(76,710)	(68,762)
Net cash flows generated from operating activities	<u>297,792</u>	<u>301,370</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(268)
Acquisition of property, plant, and equipment	(21,362)	(81,456)
Disposal of property, plant, and equipment	2,120	4,047
Increase in refundable deposits	(46,527)	(34,180)
Decrease in refundable deposits	37,871	44,569
Intangible asset acquisition	(2,381)	-
Dividends received from associates	4,289	5,549
Net cash flows used in investing activities	<u>(25,990)</u>	<u>(61,739)</u>
Cash flows from financing activities:		
Increase in short-term loans	990,000	2,840,000
Decrease in short-term loans	(1,400,000)	(2,830,000)
Corporate debt repayment	-	(700)
Increase in guarantee deposits received	-	12,249
Decrease in guarantee deposits received	-	(12,349)
Lease principal payment	(1,148)	(4,915)
Cash dividends paid	(311,647)	(283,647)
Cash capital increase	498,750	-
Subsidiary equity acquisition	(37,730)	-
Net cash flows used in financing activities	<u>(261,775)</u>	<u>(279,362)</u>
Increase (decrease) in cash and cash equivalents during the period	<u>10,027</u>	<u>(39,731)</u>
Cash and cash equivalents at beginning of period	<u>143,267</u>	<u>182,998</u>
Cash and cash equivalents at end of period	<u>\$ 153,294</u>	<u>143,267</u>

(Please refer to the notes of the Parent Company Only Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Independent Auditors' Report

Board of Directors of Hi-Clearance Inc. herein declares:

Opinions

The 2023 and 2022 consolidated balance sheet of Hi-Clearance Inc. and subsidiaries (hereinafter referred to as 'Hi-Clearance Group'), as well as the comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows, Consolidated Financial Statements, and notes to the Consolidated Financial Statements for the period from January 1 to December 31 of the years 2023 and 2022 (including the aggregation of significant accounting policies), have been audited by our CPAs.

In our opinion, the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of Hi-Clearance Group as of December 31, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinions

The audit was conducted in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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 Hi-Clearance Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence 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 of Hi-Clearance Group for the year 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Critical matters that should be communicated in the audit report are as follows:

I. Revenue recognition

For the accounting policies related to revenue recognition, please refer to Note IV (XV) of the Consolidated Financial Statements. For details of revenue, please refer to Note 6 (XXI).

Explanation of key audit matters:

The Hi-Clearance Group is primarily involved in the purchase and sale of medical equipment and pharmaceuticals, as well as offering healthcare management consulting services. Revenue recognition is one of the critical assessment matters that performed in the audit of the financial report of Hi-Clearance Group, and it is expected to be a matter of concern to users or recipients of the report.

Audit procedures:

The CPAs perform the following key audit procedures regarding the aforementioned matters:

- Evaluate whether the revenue recognition policy of the Hi-Clearance Group is in accordance with relevant regulations.
- Assess the efficacy of the design and implementation of the internal control system for sales revenue.
- Conduct comparative analysis on the top ten sales customers to evaluate if there are any significant anomalies compared to the same period of the previous year.
- Reconcile certificates in the period before and after the selected balance sheet date, in order to record the appropriate cut-off date for evaluating sales revenue, etc.

Other Matters

We have also audited the Parent Company Only Financial Report of Hi-Clearance Inc. for the years 2023 and 2022, on which we have issued an unqualified opinion.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, management is responsible for assessing Hi-Clearance Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Hi-Clearance 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 Hi-Clearance 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 is free from material misstatements, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Hi-Clearance Group.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 Hi-Clearance Group's ability to operate as a going concern. If material uncertainty is found, CPAs are required to draw attention in the audit report to related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify the audit 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 Hi-Clearance Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly presents relevant transactions and items.
6. Sufficient and appropriate audit evidence about the financial information of the Group's constituent entities shall be obtained in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of Aurora Corporation.

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.

Those charged with governance are also provided with a statement that complies with relevant ethical requirements regarding independence, and the CPAs communicate with the governance unit all relationships and other matters that may affect their independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters of Hi-Clearance Group's Consolidated Financial Statements for the year 2023. 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.

KPMG Taiwan

CPA:

Securities authorities approval document no.: Tai-Cai-Zheng-6 No.0930105495
Tai-Cai-Zheng-6 No.0920122026

February 22, 2024

Hi-Clearance Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and December 31, 2022

Unit: NT\$ thousand

		12.31.2023		12.31.2022				12.31.2023		12.31.2022	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (I))	\$ 401,137	9	324,220	7	2100	Short-term loans (Note 6 (XI) and 8)	\$ 91,565	2	495,332	11
1110	Financial assets at fair value through profit or loss - current (Note 6 (II))	51,966	1	50,745	1	2120	Financial liabilities at fair value through profit or loss - current (Note 6 (II))	240	-	36	-
1150	Net amount of notes receivable (Note 6 (IV), (XXI) and Note 8)	229,978	5	212,852	5	2130	Contract liabilities - current (Note 6 (XXI))	13,920	-	11,798	-
1170	Net amount of accounts receivable (Note 6 (IV), (XXI))	919,622	20	870,839	19	2150	Notes payable	7,521	-	7,625	-
1180	Net amount of accounts receivable - related parties (Notes 6 (IV), (XXI) and Note 7)	85,080	2	114,506	3	2170	Accounts payable	681,169	15	699,788	16
1197	Net amount of financial leases receivable (Note 6 (IV), (XXI))	39,337	1	43,031	1	2180	Accounts payable - related parties (Note 7)	2,282	-	1,312	-
1200	Other receivables	1,341	-	6,125	-	2200	Other payables – others	184,597	4	193,635	5
1300	Inventory (Note 5 (V))	645,457	14	744,231	17	2220	Other payables - related parties (Note 7)	14,665	-	21,912	-
1410	Prepayments	69,183	1	61,754	1	2230	Current income tax liabilities	29,218	1	52,678	1
1476	Other financial assets - current (Note 8)	58,895	1	42,265	1	2280	Lease liabilities - current (Note 6 (XIV))	71,364	2	66,434	2
1479	Other current assets - others	<u>7,892</u>	-	<u>4,536</u>	-	2300	Other current liabilities - others	<u>26,516</u>	<u>1</u>	<u>16,043</u>	-
Total current assets		<u>2,509,888</u>	<u>54</u>	<u>2,475,104</u>	<u>55</u>	Total current liabilities		<u>1,123,057</u>	<u>25</u>	<u>1,566,593</u>	<u>35</u>
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (III))	268	-	268	-	2527	Contract liabilities - non-current (Note 6 (XXI))	18,713	-	14,441	-
1550	Investments accounted for using the equity method (Note 6 (VI))	116,390	3	110,722	3	2540	Long-term loans (Note II)	12,357	-	12,552	-
1600	Property, plant, and equipment (Note 6 (VII) and 8)	1,061,550	23	1,050,565	23	2570	Deferred income tax liabilities (Note 6 (XVII))	8,372	-	8,079	-
1755	Right-of-use assets (Note 6 (VIII))	519,455	11	506,749	11	2580	Lease liabilities - non-current (Note 6 (XIV))	469,455	10	460,156	11
1760	Investment property (Note 6 (IX))	26,101	1	26,110	1	2600	Other non-current liabilities	<u>2,063</u>	-	<u>7,330</u>	-
1780	Intangible Assets (Note 6 (X))	188,979	4	178,752	4	Total non-current liabilities		<u>510,960</u>	<u>10</u>	<u>502,558</u>	<u>11</u>
1840	Deferred tax assets (Note 6 (XVII))	4,917	-	14,699	-	Total liabilities		<u>1,634,017</u>	<u>35</u>	<u>2,069,151</u>	<u>46</u>
1930	Long-term notes receivable (Note 6 (IV), (XXI) and Note 8)	7,168	-	6,167	-	Equity (Note 6 (XIII), (XVIII)):					
194D	Net amount of long-term financial leases receivable (Note 6 (IV), (XX))	96,086	2	79,816	2	3110	Capital stock	445,210	10	405,210	9
1990	Other non-current assets - others	<u>87,083</u>	<u>2</u>	<u>59,727</u>	<u>1</u>	3200	Capital surplus	1,601,988	35	1,130,866	25
Total non-current assets		<u>2,107,997</u>	<u>46</u>	<u>2,033,575</u>	<u>45</u>	3300	Retained earnings	943,984	20	908,228	20
						3400	Other equity	<u>(7,314)</u>	-	<u>(4,776)</u>	-
						Total equity		<u>2,983,868</u>	<u>65</u>	<u>2,439,528</u>	<u>54</u>
Total assets		<u><u>\$ 4,617,885</u></u>	<u><u>100</u></u>	<u><u>4,508,679</u></u>	<u><u>100</u></u>	Total liabilities and equity		<u><u>\$ 4,617,885</u></u>	<u><u>100</u></u>	<u><u>4,508,679</u></u>	<u><u>100</u></u>

(Please refer to the notes of the Consolidated Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6 (XIV), (XXI) and Note 7)	\$ 3,895,778	100	4,689,687	100
5000	Operating costs (Note 6 (V), (XVI), Note 7, and Note 12)	2,879,984	74	3,644,347	78
	Gross profit	1,015,794	26	1,045,340	22
	Operating costs (Note 6 (IV), (XVI), Note 7, and Note 12)				
6100	Selling and marketing expenses	341,812	9	327,184	7
6200	General and administrative expenses	258,742	7	256,188	5
6450	Expected credit loss	8,696	-	5,208	-
	Total operating expenses	609,250	16	588,580	12
	Net operating income	406,544	10	456,760	10
	Non-operating income and expenses:				
7100	Interest income (Note 6 (XXIII))	11,555	-	9,593	-
7010	Other income (Note 6 (XXIII) and Note 7)	8,617	-	6,718	-
7020	Other gains and losses (Note 6 (XXIII))	9,403	-	(16,962)	-
7050	Finance costs (Note 6 (XIII), (XIV) and (XXIII))	(12,440)	-	(12,769)	-
7060	Share of profit or loss of affiliates and joint ventures accounted for using the equity method (Note 6 (VI))	10,626	-	8,781	-
	Total non-operating income and expenses	27,761	-	(4,639)	-
7900	Income before tax	434,305	10	452,121	10
7950	Deduction: Income tax expenses (Note 6 (XVII))	86,321	1	85,693	2
	Net income for the period	347,984	9	366,428	8
8300	Other comprehensive income:				
8310	Components that will not be reclassified to profit or loss				
8311	Gains (losses) on re-measurements of defined benefit plans (Note 6 (XVI))	(581)	-	8,566	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(669)	-	(1,101)	-
	Total components not reclassified to profit or loss	(1,250)	-	7,465	-
8360	Components that may be reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	(1,869)	-	794	-
	Total components that may be reclassified to profit or loss	(1,869)	-	794	-
8300	Other comprehensive income (net after tax)	(3,119)	-	8,259	-
	Total comprehensive income for the period	\$ 344,865	9	374,687	8
	Earnings per share(NT\$) (Note 6 (XX))				
9750	Basic earnings per share (NT\$)	\$ 8.01		9.06	
9850	Diluted earnings per share (NT\$)	\$ 7.98		9.03	

(Please refer to the notes of the Consolidated Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023

Unit: NT\$ thousand

	Retained Earnings						Other Equity Items		
	Capital Stock - Common Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translation of financial statements of foreign operations	Others	Total Equity
Balance as of January 1, 2022	\$ 400,232	1,091,203	329,317	4,934	483,731	817,982	(5,570)	-	2,303,847
Appropriation and distribution of earnings:									
Legal reserve	-	-	33,616	-	(33,616)	-	-	-	-
Special reserve	-	-	-	635	(635)	-	-	-	-
Cash dividends of common stock	-	-	-	-	(283,647)	(283,647)	-	-	(283,647)
Modifications to other capital reserves									
Receipt of donation	-	31	-	-	-	-	-	-	31
Net income for the period	-	-	-	-	366,428	366,428	-	-	366,428
Other comprehensive income	-	-	-	-	7,465	7,465	794	-	8,259
Total comprehensive income for the period	-	-	-	-	373,893	373,893	794	-	374,687
Converging convertible bonds	4,978	39,632	-	-	-	-	-	-	44,610
Balance as of December 31, 2022	405,210	1,130,866	362,933	5,569	539,726	908,228	(4,776)	-	2,439,528
Appropriation and distribution of earnings:									
Legal reserve	-	-	37,389	-	(37,389)	-	-	-	-
Cash dividends of common stock	-	-	-	-	(311,647)	(311,647)	-	-	(311,647)
Special reserve	-	-	-	(793)	793	-	-	-	-
Modifications to other capital reserves									
Receipt of donation	-	28	-	-	-	-	-	-	28
Net income for the period	-	-	-	-	347,984	347,984	-	-	347,984
Other comprehensive income	-	-	-	-	(581)	(581)	(1,869)	(669)	(3,119)
Total comprehensive income for the period	-	-	-	-	347,403	347,403	(1,869)	(669)	344,865
Cash capital increase	40,000	458,750	-	-	-	-	-	-	498,750
Share-based payment	-	12,344	-	-	-	-	-	-	12,344
Balance as of December 31, 2023	\$ 445,210	1,601,988	400,322	4,776	538,886	943,984	(6,645)	(669)	2,983,868

(Please refer to the notes of the Consolidated Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023

Unit: NT\$ thousand

	2023	2022
Cash flows from operating activities:		
Income before tax for the period	\$ 434,305	452,121
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	151,174	147,314
Amortization expenses	13,583	13,723
Expected credit loss	8,696	5,208
Net loss (gain) on financial assets at fair value through profit or loss	(596)	2,604
Interest expenses	12,440	12,769
Interest income	(11,555)	(9,593)
Share-based remuneration cost	12,344	-
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(10,626)	(8,781)
Loss (gain) on disposal of property, plant, and equipment	(608)	9,275
Gains on lease modifications	(44)	(2)
Derecognition of provisions	(402)	-
Total adjustments to reconcile profit (loss)	174,406	172,517
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	68	749
Decrease (increase) in notes receivable	(19,116)	5,243
Increase (decrease) in accounts and financial leases receivable	(69,022)	(35,189)
Decrease (increase) in accounts receivable - related parties	29,426	(15,817)
Decrease in other receivables	4,784	8,260
Decrease (increase) in inventory	57,470	(75,508)
Increase in prepayments	(31,093)	(19,182)
Decrease (increase) in other current assets	(3,356)	4,265
Increase in other financial assets	(16,630)	(34,344)
Increase in operating assets	(1,544)	(717)
Total net changes in assets related to operating activities	(49,013)	(162,240)
Decrease in financial liabilities at fair value through profit or loss	(489)	(3,630)
Increase (decrease) in contractual liabilities	6,394	(298)
Decrease in notes payable	(104)	(6,383)
Increase (decrease) in accounts payable	(18,619)	55,495
Increase (decrease) in payables to related parties	970	(14,683)
Decrease in other payables	(11,391)	(1,132)
Increase (decrease) in other payables - related parties	(7,247)	3,114
Increase in other current liabilities	10,473	4,825
Decrease in net defined benefit liabilities	(5,606)	(7,348)
Total net changes in liabilities related to operating activities	(25,619)	29,960
Total net changes in assets and liabilities related to operating activities	(74,632)	(132,280)
Total adjustment items:	99,774	40,237
Cash inflows from operations	534,079	492,358
Interest received	11,555	9,593
Interest paid	(12,440)	(12,569)
Income tax paid	(99,706)	(86,218)
Net cash flows generated from operating activities	433,488	403,164
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(268)
Acquisition of property, plant, and equipment	(41,044)	(97,686)
Disposal of property, plant, and equipment	2,917	4,202
Increase in refundable deposits	(48,379)	(35,090)
Decrease in refundable deposits	39,056	45,672
Intangible asset acquisition	(2,381)	-
Increase in prepayments for equipment	(20,906)	(4,985)
Dividends received from affiliated companies	4,289	5,549
Net cash flows used in investing activities	(66,448)	(82,606)
Cash flows from financing activities:		
Increase in short-term loans	1,111,565	2,935,332
Decrease in short-term loans	(1,515,332)	(2,933,702)
Corporate debt repayment	-	(700)
Proceeds from long-term loans	-	12,552
Increase in guarantee deposits received	12,269	12,249
Decrease in guarantee deposits received	(12,109)	(12,349)
Lease principal payment	(71,936)	(71,868)
Cash dividends paid	(311,647)	(283,647)
Cash capital increase	498,750	-
Net cash flows used in financing activities	(288,440)	(342,133)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,683)	785
Increase (decrease) in cash and cash equivalents during the period	76,917	(20,790)
Cash and cash equivalents at beginning of period	324,220	345,010
Cash and cash equivalents at end of period	<u>\$ 401,137</u>	<u>324,220</u>

(Please refer to the notes of the Consolidated Financial Statements)

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Attachment 5 Comparison Table of Amended Articles of Incorporation

Before amendment		After amendment		Explanation
Article	Content	Article	Content	
Article 22	<p>The company is currently in a period of business growth, with dividend policy prioritizing consideration of the Company's future development and financial condition, while also ensuring a reasonable return for shareholders.</p> <p>Hence, the ratio of cash dividends to shareholders' dividends and bonuses shall be at least fifty percent.</p>	Article 22	<p>The company is currently in a period of business growth, with dividend policy prioritizing consideration of the Company's future development and financial condition, while also ensuring a reasonable return for shareholders. The amount distributed as dividends and bonuses to shareholders shall not be less than <u>fifty</u> percent of the distributable earnings for the year, <u>with</u> at least fifty percent of this amount being in the form of cash dividends.</p>	Revised Dividend Policy
Article 25	<p>Article 25:</p> <p>The Articles of Incorporation were established on January 31, 1989.</p> <p>.....</p> <p>.....</p> <p>The twenty-eighth amendment was made on June 22, 2022.</p>	Article 25	<p>Article 25:</p> <p>The Articles of Incorporation were established on January 31, 1989.</p> <p>.....</p> <p>.....</p> <p>The twenty-eighth amendment was made on June 22, 2022.</p> <p><u>The twenty-ninth amendment was made on May 29, 2024.</u></p>	Date of Article Addition and Revision

Appendix 1

Articles of Incorporation of Hi-Clearance Inc.

Chapter 1 General Principles

Article 1 The Company has been incorporated under the Company Act. The name of the Company is Hi-Clearance Inc.

Article 2 The scope of business of the Company shall be as follows:

1. F102170 Wholesale of Foods and Groceries
2. F102180 Wholesale of Alcohol
3. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
4. F106020 Wholesale of Daily Commodities
5. F107030 Wholesale of Cleaning Supplies
6. F107990 Wholesale of Other Chemical Products
7. F108021 Wholesale of Western Pharmaceutical
8. F108031 Wholesale of Medical Devices
9. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
10. F111090 Wholesale of Building Materials
11. F113010 Wholesale of Machinery
12. F113020 Wholesale of Electrical Appliances
13. F113030 Wholesale of Precision Instruments
14. F113050 Wholesale of Computers and Clerical Machinery Equipment
15. F113060 Wholesale of Measuring Instruments
16. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
17. F119010 Wholesale of Electronic Materials
18. F203010 Retail Sale of Food, Grocery and Beverage
19. F203030 Retail Sale of Alcohol
20. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
21. F206020 Retail Sale of Daily Commodities
22. F207030 Retail Sale of Cleaning Supplies
23. F207990 Retail Sale of Other Chemical Products

24. F208021 Retail Sale of Western Pharmaceutical
25. F208031 Retail Sale of Medical Apparatus
26. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
27. F211010 Retail Sale of Building Materials
28. F213010 Retail Sale of Electrical Appliances
29. F213030 Retail Sale of Computers and Clerical Machinery Equipment
30. F213040 Retail Sale of Precision Instruments
31. F213050 Retail Sale of Measuring Instruments
32. F213080 Retail Sale of Machinery and Tools
33. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
34. F219010 Retail Sale of Electronic Materials
35. F401010 International Trade
36. F401181 Measuring Instruments Import
37. J202010 Industry Innovation and Incubation Services
38. CF01011 Medical Devices Manufacturing
39. EZ05010 Instrument and Meters Installation Engineering
40. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3 The Company has established its head office New Taipei City, R.O.C. (Taiwan) and may, when necessary, establish branches domestically or abroad.
- Article 4 The Company may conduct investment which is necessary for its business operations, and may act as a shareholder with limited liability of another company by the resolution of the Board of Directors. The total amount of the Company's investment shall not be subject to the restriction of the total amount of the investment provided in Article 13 of the Company Act.
- Article 5 The Company may provide guarantees for its related company as necessary for their business operations.

Chapter 2 Shares

- Article 6 The total capital of the Company shall be in the amount of NT\$80 million, divided into 8 million shares, which of par value is NT\$10 per share. The unissued shares are authorized to be issued in installments by the board of directors.
- Article 7 The stock certificates of the Company shall be in a name-bearing form, and issued by the signature or seal of the director representing the Company, and certified in accordance with the law. The Company may also, in accordance with Article 162-2 of the Company Act, be exempted to print stock certificates, but should register with governing centralized securities depository institution.

- Article 8 The handling of the Company's stock affairs shall comply with the Company Act and the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority, as well as relevant laws and regulations.

Chapter 3 Shareholders' Meeting

- Article 9 Meetings of the shareholders are of two kinds: annual general meeting and extraordinary general meeting. Annual general meeting meetings shall be held at least once a year and shall be convened within six months after the close of each fiscal year in accordance with the law. Extraordinary general meetings shall be held according to the law when necessary.
- Article 10 Shareholders who are unable to attend the shareholders' meeting may issue a proxy letter authorized by the Company specifying the scope of authorization for a proxy to attend on their behalf. The method for shareholders to authorize attendance is governed by the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies," in addition to Article 177 of the Company Act.
- Article 11 Each share of the Company's stock entitles the shareholder to one vote, except as provided in Article 179 of the Company Act.
- Article 12 Except as otherwise provided in the Company Act, the adoption of a proposal in a shareholders' meeting shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, and the attending shareholders require the representation of a majority of the all shares issued by Hi-Clearance Inc.

Chapter 4 Director

- Article 13 The Company shall have a Board of Directors consisting of nine to twelve members, elected by the shareholders' meeting from individuals with legal capacity, for a term of three years. Directors may be re-elected.
- According to Article 14-2 of the Securities and Exchange Act, the number of individual directors shall not less than two and shall not less than one-fifth of the total number of directors. The nomination of candidates shall be conducted through a candidate nomination system, with independent candidates elected by the shareholders from the roster of director candidates. The nomination process shall be conducted in accordance with Article 192-1 of the Company Act. The election of directors in the Company shall be conducted through a candidate nomination system, and the election procedures shall be governed by the "Rules for Election of Directors" of the Company. Any amendments to the Rules shall be included in the agenda of the shareholders' meeting, along with a comparison table outlining the revisions to the Rules.
- Article 14 The Board of Directors may establish other functional committees, the rules of which shall be determined by the Board of Directors. The Board of Directors establishes an Audit Committee, composed of all independent directors, with no fewer than three

members, one of whom serves as the convener, and at least one of whom should have expertise in accounting or finance. The responsibilities, organizational rules, exercise of authority, and other matters to be complied with by the Audit Committee shall be handled in accordance with relevant laws or company regulations. The establishment of the Audit Committee shall simultaneously abolish the Supervisor and any relevant provisions regarding the Supervisor in these Articles of Incorporation.

Article 15 The Board of Directors shall be organized by the directors. The Chairman of the Board shall be elected by two-thirds or more of the directors present, with the consent of the majority of the directors in attendance. The Chairman shall externally represent the Company. Article 16: In case the or an executive director is on leave or unable to exercise his/her functional duties for any reason, their proxy shall act in accordance with Article 208 of the Company Act. In case directors are unable to attend board of directors' meetings due to unforeseen circumstances, they may authorize another director to attend on their behalf in accordance with Article 205 of the Company Act.

Article 16 When the directors of the Company perform the Company's business, the Company may provide remuneration regardless of the Company's operating profit or loss. The remuneration shall be determined by the Board of Directors based on their level of participation and contribution to the Company's operation, and with reference to the usual standards in the industry.

Chapter 5 Managers

Article 17 The Company may have a managerial personnel. Appointment, discharge and remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18 At the end of each fiscal year, the Board of Directors shall prepare Business Report, Financial Statements, Motion for allocation of earnings and covering loss and send them to the annual meeting of shareholders for their recognition

Article 19 The company shall, after deducting compensation for employees and directors from the net profits before tax of the current year, reserve the remaining profits to cover the accumulated loss. Any remaining balance, if applicable, should be distributed with a minimum of 1% as compensation for employee and a maximum of 3% as compensation for directors.

A resolution regarding the determination of the ratio of employee remuneration to director remuneration, and the payment of employee remuneration in the form of stocks or cash, shall be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

The counterparties to whom compensation shall be distributed in cash or stock as stated includes the employees of Hi-Clearance's subordinate companies that meet certain criteria.

- Article 20 If the Company has earnings according to its annual fiscal accounting, they shall be distributed in the following order:
1. Taxes shall be paid first.
 2. Make up all past losses.
 3. Setting aside 10% as legal reserve.
 4. Appropriating or reversing special reserves in accordance with the laws or the direction of the competent authority.
 5. The remaining amount, together with undistributed accumulated earnings, shall be considered distributable earnings. The board of directors shall propose a distribution plan to the shareholders' meeting for resolution.
- Article 21 The company is currently in a period of business growth, with dividend policy prioritizing consideration of the Company's future development and financial condition, while also ensuring a reasonable return for shareholders. Hence, the ratio of cash dividends to shareholders' dividends and bonuses shall be at least fifty percent.

Chapter 7 Miscellaneous

- Article 22 Any matters not provided herein shall be subject to the Company Act.
- Article 23 In case the Company plans to revoke its public company status, the revocation shall be subject to a resolution of the shareholders' meeting. This provision shall not be modified when the stocks of the Company are registered with the Emerging Stock Market or the Company is listed on a stock exchange.
- Article 24 The Articles of Incorporation were established on January 31, 1989.
- The first amendment was made on August 20, 1990.
- The second amendment was made on October 20, 1990.
- The third amendment was made on June 26, 1993.
- The fourth amendment was made on September 1, 1993.
- The fifth amendment was made on August 2, 1994.
- The sixth amendment was made on June 24, 1995.
- The seventh amendment was made on August 30, 1995.
- The eighth amendment was made on October 5, 1996.
- The ninth amendment was made on March 24, 2000.
- The tenth amendment was made on September 28, 2000.
- The eleventh amendment was made on November 20, 2000.
- The twelfth amendment was made on February 23, 2001.
- The thirteenth amendment was made on April 12, 2002.
- The fourteenth amendment was made on June 30, 2003.

The fifteenth amendment was made on August 21, 2003.

The sixteenth amendment was made on June 26, 2004.

The seventeenth amendment was made on June 20, 2006.

The eighteenth amendment was made on June 20, 2007.

The nineteenth amendment was made on October 23, 2007.

The twentieth amendment was made on June 27, 2008.

The twenty-first amendment was made on June 9, 2009.

The twenty-second amendment was made on June 29, 2010.

The twenty-third amendment was made on June 21, 2012.

The twenty-fourth amendment was made on June 2, 2016.

The twenty-fifth amendment was made on June 21, 2019.

The twenty-sixth amendment was made on June 12, 2020.

The twenty-seventh amendment was made on July 6, 2021.

The twenty-eighth amendment was made on June 22, 2022.

Appendix 2

Hi-Clearance Inc.

Rules of Procedure for Shareholders' Meetings

- (I) To establish a strong governance system and sound supervisory capabilities for Hi-Clearance's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- (II) The rules of procedures for Hi-Clearance's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- (III) Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

For the convening of the annual general meeting, an agenda handbook shall be prepared and notice shall be given to each shareholder 30 days in advance. For shareholders holding less than one thousand registered shares, notice may be given through public announcement on the Market Observation Post System (MOPS) 30 days in advance. For the convening of an extraordinary general meeting, notice shall be given to each shareholder 15 days in advance. For shareholders holding less than one thousand registered shares, notice may be given through public announcement on the MOPS 15 days in advance. In addition, at least 15 days before the date of the shareholders' meeting, Hi-Clearance Inc. shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on site at the venue of the meeting.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Nevertheless, a shareholder proposal for urging Hi-Clearance Inc. to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph under Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, in written or electronic method, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the issuance of the notice for a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the results of the proposal screening and include in the meeting notice the proposals that comply with the provisions of this article. At the shareholders' meeting, the board of directors shall specify the reasons for excluding any shareholders' proposals from the meeting agenda.

- (IV) For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, a declaration made to cancel the previous proxy appointment is not subject to the aforementioned rule.

After submitting a proxy form to the Company, if a shareholder wishes to attend the meeting in person or vote by mail or electronically, they must provide written notice to the Company to cancel the proxy at least one day before the meeting date. If the cancellation is made after this deadline, the votes cast by the proxy will prevail.

- (V) The place for convening a shareholders meeting shall be held inside the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9 o'clock in the morning or later than 3 o'clock in the afternoon.
- (VI) The Company shall prepare an attendance book for attending shareholders or a proxy appointed by shareholder (hereinafter referred as to "shareholders") to sign in or attending shareholders may hand in a sign-in card in lieu of signing in.
The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
Shareholders and their proxies (hereinafter referred to as "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting.
When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- (VII) The board meetings shall be convened and chaired by the chairman. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.
It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

- (VIII) Hi-Clearance shall make an uninterrupted audio or video recording of the entire proceedings of the shareholders meeting, and the recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- (IX) Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- (X) If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares

the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- (XI) Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder who has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

- (XII) Voting at a shareholders' meeting shall be calculated based the number of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

- (XIII) A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares pursuant to Paragraph 2 of Article 179 of the Company Act.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, with respect to the extempore motions and revisions to the original proposals of that meeting, the said shareholder will be considered to have waived his/her rights. Hi-Clearance Inc. is therefore advised to avoid submission of extempore motions and revision to the original proposals.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of Aurora.

Vote counting for shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

- (XIV) The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by Hi-Clearance Inc., and the voting results shall be announced on-site immediately

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- (XV) Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

Hi-Clearance may distribute the meeting minutes and shall be handled in accordance with the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

If no attending shareholder voices objection following an inquiry by the chair to the aforementioned methods by which resolutions were adopted, it shall be recorded as "Passed unanimously after inquiry with all attending shareholders by the chair." However, if any attending shareholder voices objection, the voting method, the number of votes, and the ratio of votes to the total voting rights shall be recorded.

- (XVI) Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the venue.

- (XVII) When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

(XVIII) The Rules shall be implemented after having been resolved by the board of directors and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3 Current Shareholding of Directors

Position	Name	Book closure date: April 1, 2024	
		Shareholding	Shareholding ratio (%)
Chairman	Collins Co., Ltd. Representative: Lee Chung-Liang	2,385,536	5.35%
Director	Collins Co., Ltd. Representative: Lee Hsi-Yuen		
Director	Chen Kuo-Shih	526,125	1.18%
Director	Chiang Ping-Hsun	1,343,689	3.01%
Director	Hi-Clearance Investment Co., Ltd. Representative: Lee Ying-Fen	6,519,991	14.64%
Director	Hi-Clearance Investment Co., Ltd. Representative: Chen Ping-Chang		
Director	Hi-Clearance Investment Co., Ltd. Representative: Hsieh Chih-Fu		
Director	Chung Yu Investment Co., Ltd. Representative: Chen Chou-Hong	42,961	0.09%
Director	Chih Pin Industrial Co., Ltd. Representative: Lee I-Hsuan	463,921	1.04%
Independent Director	Chuang Chien-Yu	0	0.00%
Independent Director	Chen Hung-Pin	0	0.00%
Independent Director	Yang Tzyy-Shiuan	0	0.00%
The total number of shares held by all directors		11,282,223	25.31%

Total Issued Shares on June 2, 2016: 35,000,000 shares

Total Issued shares: 44,520,971 shares on April 1, 2024

Note:

※ The minimum required combined shareholding of all directors by law: 3,600,000 shares

The share held by all directors as of April 1, 2024 is 11,662,223 shares. (Adding 380,000 of shares under trust with discretion reserved).