Stock Code:1788

Hi-Clearance Inc.

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

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
Lin, Heng-Shen
CPA:
YU, HI-LONG
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

Code	Assets	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Notes 6 (I))	$ 153,294	4	143,267	4
1150	Net amount of notes receivable (Note 6 (IV), (XX) and Note 8)	211,079	5	197,138	5
1170	Net amount of accounts receivable (Note 6 (IV), (XX))	749,399	19	706,813	19
1180	Net amount of accounts receivable - related parties (Notes 6 (IV), (XX) and Note 7)	105,330	3	121,905	3
1197	Net amount of financial leases receivable (Note 6 (IV) (XX))	39,337	1	42,209	1
1200	Other receivables	650	-	5,370	-
1212	Other receivables - related parties (Note 7)	331	-	205	-
1300	Inventory (Note 6 (V))	629,386	16	693,141	18
1410	Prepayments	65,209	2	58,028	2
1476	Other financial assets - current (Note 8)	2,647	-	6,265	-
1479	Other current assets - others	3,534	-	3,408	-
	Total current assets	1,960,196	50	1,977,749	52
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (III))	268	-	268	-
1550	Investments accounted for using the equity method (Note 6 (VI))	795,282	20	749,070	20
1600	Property, plant, and equipment (Note 6 (VII) and 8)	923,971	24	908,543	24
1755	Right-of-use assets (Note 6(VIII))	3,363	-	3,216	-
1760	Net amount of investment property (Note 6 (IX))	26,101	1	26,110	1
1780	Intangible assets (Note 6 (X))	21,429	1	-	-
1840	Deferred tax assets (Note 6(XVI))	4,917	-	14,699	-
1930	Net amount of long-term notes receivable (Note 6 (IV), (XX) and Note 8)	7,168	-	6,167	-
194D	Net amount of long-term financial leases receivable (Note 6 (IV), (XX))	96,086	3	78,114	2
1990	Other non-current assets - others	48,528	1	38,274	1
	Total non-current assets	1,927,113	50	1,824,461	48
	Total assets	$ 3,887,309	100	3,802,210	100

Code	Liabilities and equity	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6 (XI) and Note 8)	$ -	-	410,000	11
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (II))	240	-	36	-
2130	Contract liabilities - current (Note 6 (XX))	13,920	-	11,798	-
2150	Notes payable	7,515	-	7,625	-
2170	Accounts payable	624,350	16	650,971	17
2180	Accounts payable - related parties (Note 7)	2,447	-	1,280	-
2200	Other payables (Note 6 (XV))	163,933	4	172,700	5
2220	Other payables - related parties (Note 7)	15,166	-	22,134	1
2230	Current income tax liabilities	19,989	1	40,065	1
2280	Lease liabilities - current (Note 6 (XIII))	1,200	-	755	-
2300	Other current liabilities	25,206	1	15,107	-
	Total current liabilities	873,966	22	1,332,471	35
	Non-current liabilities:				
2527	Contract liabilities - non-current (Note 6 (XX))	18,713	1	14,441	-
2570	Deferred income tax liabilities (Note 6 (XVI))	8,372	-	8,079	-
2580	Lease liabilities - non-current (Note 6 (XIII))	2,256	-	2,540	-
2600	Other non-current liabilities (Note 6 (XV))	134	-	5,151	-
	Total non-current liabilities	29,475	1	30,211	-
	Total liabilities	903,441	23	1,362,682	35
	Equity (Note 6 (XII)(XVII)):				
3100	Capital stock	445,210	12	405,210	11
3200	Capital surplus	1,601,988	41	1,130,866	30
3300	Retained earnings	943,984	24	908,228	24
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

(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 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	-
8330	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)	-
	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)	(36,757)	(43,507)
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	(52,269)	(71,934)
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	(33,222)	(7,546)
Total net changes in assets and liabilities related to operating activities	(85,491)	(79,480)
Total adjustment items:	(122,248)	(122,987)
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	297,792	301,370
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	(25,990)	(61,739)
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	(261,775)	(279,362)
Increase (decrease) in cash and cash equivalents during the period	10,027	(39,731)
Cash and cash equivalents at beginning of period	143,267	182,998
Cash and cash equivalents at end of period	$ 153,294	143,267

(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.
Notes to Parent Company Only Financial Statements
2023 & 2022
(Unless otherwise specified, all amounts are in NT$ thousand)

I. Company History

Hi-Clearance Inc. (hereinafter referred to as "the Company") was established on February 13, 1989, with the approval of the Ministry of Economic Affairs. The Company's registered address is 8F.-2, No. 2, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.) The Company's primary business activities involve trading medical equipment, biochemical reagents, and Western medicine.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements have been approved and released by the Board of Directors of the Republic of China on February 22, 2024.

III. Application of New and Amended Standards and Interpretations

(I) The impact of adopting the newly issued and revised criteria and interpretations approved by the Financial Supervisory Commission.

Since January 1, 2023, the Company has been implementing the newly revised International Financial Reporting Standards (IFRSs), which has not significantly impacted the Parent Company Only Financial Statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

Since May 23, 2023, the Company has been implementing the newly revised International Financial Reporting Standards (IFRSs), which has not significantly impacted the Parent Company Only Financial Statements.

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(II) Impact of IFRSs not yet recognized by the FSC

Since January 1, Year 112 of the Republic of China, the Company has been implementing the newly revised International Financial Reporting Standards. This implementation has not had a significant impact on the Parent Company Only Financial Statements.

- Amendments to IAS 1 "Classify Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions"

(III) New and amended standards and interpretations not yet recognized by FSC

The Company does not expect the following new releases and amendments to standards, that have yet to be endorsed by the FSC, to have a material impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS17 and IFRS 9—Comparative Information”
- IAS 21 “Lack of Exchangeability”

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted in the Parent Company Only Financial Statements. Unless stated otherwise, the following accounting policies have been applicable for all reporting periods of these Parent Company Only Financial Statements.

(I) Compliance declaration

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Preparation basis

1. Basis of measurement

The Parent Company Only Financial Statements have been prepared based on historical cost, with the exception of the following significant balance sheet items:

(1) Financial assets that are measured at fair value through profit or loss;

(2) Financial assets that are measured at fair value through other comprehensive income;

(3) Net defined benefit liabilities (or assets) that are calculated by deducting the present value of defined benefit obligations from the fair value of retirement fund assets.

2. Functional currency and presentation currency

The Company’s functional currency is the currency of the primary economic environment in which it operates. The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company’s functional currency. All financial information expressed in NT$ is denominated in units of NT$ thousand.

(III) Foreign Currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the rate of exchange on the transaction date. At the end of each subsequent reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date. Foreign non-monetary items that are measured at fair value are converted into the functional currency using the exchange rate on the fair value measurement date, and non-monetary items that are measured at historical cost are converted using the exchange rate on the transaction date.

Foreign exchange differences arising on translation are generally recognized in profit or loss, except for equity instruments at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments generated at the time of acquisition, are translated into NT$ at the exchange rate on the reporting date. Income and expense items are translated into NT$ at the average exchange rate for the period, and any exchange differences are recognized as other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operation are reclassified in full to profit or loss. When disposing of a portion of an investment in a subsidiary that includes foreign operations, the related cumulative translation differences are proportionately reclassified to non-controlling interests. When disposing of a portion of an investment in an associate or joint venture that includes foreign operations, the related cumulative translation differences are reclassified to profit or loss in proportion to the disposal.

Foreign currency translation gains or losses on monetary receivables or payables from foreign operations that have no settlement plans, and are unlikely to be settled in the foreseeable future, are recognized in other comprehensive income as part of the net investment in foreign operations.

(IV) Standards for categorization of assets and liabilities classified as current and non-current

Assets that meet one of the following criteria are classified as current assets, and all other assets that are not current assets are classified as non-current assets.

1. The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months of the reporting period; or
4. The asset is cash or cash equivalents, unless there are other restrictions on the exchange or settlement of the asset at least twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities.

1. The liability is expected to be settled in the normal operating cycle;
2. The liability is held primarily for trading purposes;
3. The liability is expected to be settled within twelve months of the reporting period; or

4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of a liability may be settled by issuing equity instruments at the option of the counterparties, which does not affect its classification.

(V) Cash and cash equivalents

Cash comprises both cash on hand and demand deposits. Cash equivalents are short-term investments that can be easily converted into a fixed amount of cash with minimal risk of value fluctuation and high liquidity. Term deposits that meet the defined criteria and are held to fulfill short-term cash obligations, rather than for investment or other purposes, should be classified as cash equivalents.

(VI) Financial Instruments

Accounts receivable and debt securities issued are recognized upon incurrence. The Company recognizes all other financial assets and liabilities upon entering a financial instrument contract. Financial assets or financial liabilities that are measured at fair value through profit or loss are initially valued at fair value, which includes directly attributable transaction costs incurred during their acquisition or issuance.

1. Financial assets

The Company applies consistent accounting treatment for the purchase and sale of financial assets that in line with customary transactions. For all purchases and sales of financial assets classified in the same manner, this treatment is based on either the transaction date or settlement date.

Financial assets at initial recognition are classified financial assets at amortized cost, and financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss. If there is a change in the operating model for managing financial assets or an investment in equity instruments measured at fair value through other comprehensive income, the Company shall reclassify all affected financial assets at the beginning of the next reporting period.

(1) Financial assets at amortized cost

Financial assets that meet the following criteria, and are not designated to be at fair value through profit or loss, are measured at amortized cost:

- The financial asset is held under a business model whose objective is to collect the contractual cash flows.
- The contractual terms of the financial asset generate cash flows on a specific date that are solely payments of principal and interest on the outstanding principal amount.

These assets are then measured at the original recognized amount, adding/deducting the cumulative amortization calculated with the effective interest method, and adjusted for the amortized cost of any loss allowances. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Gains or losses are recognized in profit or loss when they are derecognized.

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

At the time of initial recognition, the Company has the irrevocable option to report any subsequent fair value changes of equity instruments classified as non-held-for-trading in other comprehensive income. The selection mentioned above is made on a tool-by-tool basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in the income statement, unless it clearly represents the recovery of a portion of the investment cost. Any net income or loss that remains is recognized as other comprehensive income and is not reclassified as income.

The Company recognizes dividend income from equity investments on the date it is entitled to receive dividends, usually the ex-dividend date.

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

Financial assets not classified as financial assets at amortized cost as described above, or at fair value through other comprehensive income, are measured at fair value through profit or loss, including derivative financial assets. At initial recognition, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost, or at fair value through other comprehensive income, as financial assets at fair value through profit or loss, in order to eliminate or materially reduce accounting misalignment.

These assets are then valued at fair value, and any net profit or loss (including dividend and interest income) is recorded in the income statement.

(4) Evaluate whether the contract cash flows are solely payments of principal and interest on the principal amount outstanding

For assessment purposes, principal is the fair value of the financial assets at the time of initial recognition, and interest is comprised of the following consideration: time value of money, credit risk associated with outstanding principal during a specific period, other fundamental loan risks, and cost and profit margins.

To assess whether contractual cash flows are solely payments of principal and interest on outstanding principal amounts, the Company considers the contractual terms of financial instruments, including assessing whether the financial asset contains contractual terms that could alter the timing or amount of contract cash flows, potentially leading to non-compliance with this condition. During the evaluation, the Company took into consideration the following factors:

- Any unforeseen circumstances that could alter the timing or amount of contractual cash flows;
- Terms that may adjust the coupon rate, including the characteristics of the variable interest rate;
- Prepayment and deferral features; and

- The Company's claims are limited to the terms of cash flows from specific assets (e.g., non-recourse features).

(5) Impairment of financial assets

The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, finance lease receivables, refundable deposits and other financial assets.

Loss allowance for the following financial assets are measured based on the expected credit losses over a twelve-month period, while the remaining assets are measured based on the expected credit losses over their remaining lifetime.

- The credit risk of bank deposits (i.e., the risk of default over the expected life of the financial instruments) has not increased significantly since the initial recognition.

Allowance for losses on accounts receivable is measured by the amount of expected credit losses during the period.

In assessing whether the credit risk has significantly increased since initial recognition, the Company takes into account reasonable and verifiable information that is readily available without undue cost or input, including qualitative and quantitative information and analyses based on the Company's historical experience, credit assessment, and forward-looking information.

The expected credit loss during the holding period refers to the estimated loss that may occur due to potential defaults on financial instruments throughout the anticipated holding period.

Twelve-month expected credit losses are expected credit losses arising from probable defaults on financial instruments within twelve months of the reporting date (or earlier, if the expected duration of the financial instrument is shorter than twelve months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Company is exposed to credit risk.

Expected credit loss refers to the weighted estimate of credit loss over the expected life of financial instruments. Credit losses are determined by the present value of expected cash flow discrepancies, which is the variance between contractual and anticipated cash receipts. Expected credit losses are discounted at the effective interest rate of the financial assets.

Loss allowance on financial assets measured at amortized cost is deducted from the carrying amount of the asset.

When the Company anticipates that it will not recover its financial assets in full or in part, it directly reduces the carrying value of those assets. The Company conducts a detailed analysis of the timing and amount of write-offs by taking into consideration their expected recoverability. The Company does not anticipate a material reversal of the amounts written-off. However, financial assets that have been written off remain enforceable to comply with the Company's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets are terminated, or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises, or when risks and rewards of ownership are neither transferred nor retained, and the Company also does not retain control of the financial assets.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The Company classifies its debt and equity instruments as either financial liabilities or equity, depending on the nature of the contractual agreements and the definition of financial liabilities and equity instruments.

(2) Equity transaction

Equity instruments are contracts that acknowledge the remaining equity of the Company once all liabilities have been deducted from its assets. The Company recognizes the equity instruments at the amount obtained after deducting the direct issuance costs.

(3) Compound financial instruments

Compound financial instruments issued by the Company are convertible bonds (denominated in NT$) that holders have the option to convert into capital stock, and the number of shares issued does not vary with changes in fair value.

Liabilities of compound financial instruments are initially recognized at the fair value of similar liabilities excluding equity conversion rights. The initial recognition amount of equity components is calculated by subtracting the fair value of liability components from that of the overall compound financial instruments. Directly attributable transaction costs are allocated to components of liabilities and equity in proportion to the carrying amounts of the original liabilities and equity.

Following initial recognition, liability components of compound financial instruments are measured at amortized cost using the effective interest method. Equity components of compound financial instruments should not be revalued after initial recognition.

Interest related to financial liabilities is recognized in profit or loss. Upon conversion, financial liabilities are reclassified as equity, and no gains or losses shall be recognized.

(4) Financial liabilities

Financial liabilities are classified as either at amortized cost or at fair value through profit or loss. Financial liabilities that are held for trading, derivatives, or designated at initial recognition are classified as being measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any gain or loss derecognized is also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations have been executed, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration payable (including any non-cash assets transferred or liabilities assumed), is recognized in profit or loss.

(6) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and presented as net amounts on the balance sheet only when the Company has the legal right to offset and intends to settle the assets and liabilities simultaneously or through net settlement.

3. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract when certain conditions are met and the host contract is not a financial asset.

Derivatives are initially recognized at fair value and are subsequently measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss.

(VII) Inventory

Inventory is valued based on the lowering of cost or net realizable value. Costs include acquisition and other costs necessary to make the item available for use at a specific location and in a specific condition, and are calculated using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business deducting the estimated costs necessary to complete the sale.

(VIII) Investments in associates

Associates are entities over which the Company exercises significant influence over the financial and operating policies, but over which does not have control or joint control.

The equity method is used to account for the Company’s interest in its associates.

According to the equity method, initial acquisition is recognized at cost, which includes transaction costs. Carrying amounts of investments in associates includes the goodwill recognized at the time of the initial investment, deducting any accumulated impairment losses.

From the date of significant influence until the date of loss of significant influence, the Parent Company Only Financial Statements recognize the profit and loss and other comprehensive income of investee associates based on the equity ratio, after making adjustments that are consistent with the Company's accounting policies. When equity changes occur in an associate due to items of other comprehensive income that do not affect the Company's shareholding ratio, the Company recognizes equity changes in the associate as capital surplus based on its shareholding ratio.

Unrealized gains and losses resulting from transactions between the Company and its associates are recognized in the financial statements only when the profits and losses are irrelevant to the investor's interests in the associates. If the Company's share of losses in associates equals or exceeds its equity in those enterprises, the Company no longer recognizes those losses, and instead recognizes only additional losses and related liabilities that fall within the scope of legal obligations, presumed obligations, or payments made on behalf of the investee.

(IX) Investments in subsidiaries

In preparing the Parent Company Only Financial Statements, investees over which the Company has control are accounted for under the equity method. Under the equity method, the current profit and other comprehensive income in the Parent Company Only Financial Statements and the Consolidated Financial Statements are allocated to the owners of the parent company in the same proportion. Furthermore, the owner's equity in the Parent Company Only Financial Statements is equal to the equity attributed to the owners of the parent company in the Consolidated Financial Statements.

When the Company experiences changes in ownership interests of its subsidiary that do not lead to a loss of control, these changes are considered equity transactions between owners.

(X) Investment property

Investment properties are properties that are held with the intention of generating rental income, capital appreciation, or both, rather than for regular business sales, production, provision of goods or services, or administrative management purposes. Investment properties are initially recorded at cost and subsequently valued at cost minus accumulated depreciation and impairment. The depreciation method, useful life, and residual value of these assets are determined based on the guidelines for property, plant, and equipment.

The rental income generated from investment properties is classified as non-operating income and is recognized over the lease term using the straight-line method.

When an investment property is reclassified as property, plant and equipment due to a change in its usage, it is reclassified at the carrying amount at the time of the change in use.

(XI) Property, Plant, and Equipment

1. Recognition and measurement

   Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) and subtracting accumulated depreciation and any accumulated impairment.

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

   Gains or losses on the disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

   Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

   Depreciation is calculated by subtracting the residual value from the asset cost, and is and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

   Land does not depreciate.

   Estimated durability for the current period and the comparative period:

   (1) Building and construction: 10-55 years

   (2) Transportation equipment: 5-8 Years

   (3) Office equipment: 3-7 Years

   (4) Rental assets: 5-10 Years

   The Company reviews the depreciation method, useful lives and residual values at each reporting date and makes appropriate adjustments when necessary.

4. Reclassification of investment properties

   If a property previously used for personal purposes is converted into an investment property, it is reclassified as an investment property with the carrying amount determined at the time of conversion.

(XII) Leasing

Upon establishment, the Company evaluates whether a contract is or contains a lease by determining whether the contract involves the transferring of control of the identified asset for a specified period in exchange for consideration.

1. Lessee

   The Company recognizes the right-of-use assets and lease liabilities on the lease commencement date. The right-of-use assets are initially measured at cost, which includes the initial measurement amount of the lease liabilities. Any lease payments made before or on the lease commencement date are adjusted, along with any directly attributable costs incurred and the estimated costs of dismantling, removing the underlying assets, and restoring the location or the underlying assets. Any lease incentives received are deducted.

Right-of-use assets shall subsequently be depreciated on a straight-line basis from lease commencement date to the end of the useful life of the rights of use, or end of the lease term. Furthermore, the Company regularly assesses its right-of-use assets for impairment, addresses any losses, and adjusts these assets with lease liability remeasurements as needed.

Lease liabilities are measured initially at the present value of outstanding lease payments as of the lease commencement date. The lease discount rate is the implied interest rate if ascertainable; otherwise, the Company uses its incremental borrowing rate. In general, the Company uses the incremental borrowing rate as the discount rate.

Lease liabilities include fixed payments, including in-substance fixed payments.

Interest on lease liabilities is recognized using the effective interest method and is remeasured under the following circumstances:

(1) Changes in the index or rate used to determine lease payments resulting in changes in future lease payments;

(2) Changes in the expected payment amount of residual value guarantee;

(3) The assessment of the lease term is affected by changes in the estimate of whether to exercise the option to extend or terminate the lease;

(4) Modification of the leasing object, scope, or other terms.

Lease liabilities are remeasured when there are changes in the index or rate determining lease payments, in the guaranteed residual value, or in the assessment of purchase, extension, or termination options. Corresponding adjustments are made to the carrying amount of the right-of-use assets, and any remaining remeasurement amounts are recognized in profit or loss once the carrying amount of the right-of-use assets is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect partial or full termination of the lease. The difference between this adjusted carrying amount and the remeasured lease liability is recognized in profit or loss.

Right-of-use assets and lease liabilities that do not meet the definition of investment property are presented as separate line items on the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases such as office spaces, warehouses, computer information equipment, and leases of low-value subject assets; instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions in which the Company is the lessor, the lease contract is classified at the inception date based on whether or not most of the risks and rewards incidental to ownership of the subject asset is transferred; if so, the lease contract is classified as a finance lease; if not, it is classified as an operating lease. In the assessment, the Company considers specific indicators, including whether the lease term covers a significant portion of the economic life of the subject asset.

If the agreement contains lease and non-lease components, the Company shall allocate consideration in the contract according to IFRS 15.

Assets held under finance leases are expressed as finance lease receivables at the amount of net investment in the lease. Initial direct costs incurred in negotiating and arranging operating leases are included in net investment in leases. Net investment in leases is recognized as interest income over the lease term in a manner that reflects a constant rate of return. For operating leases, the Company recognizes lease payments received on a straight-line basis as rental income over the lease term.

(XIII) Intangible Assets

1. Recognition and measurement

Intangible assets with limited durability are measured at their net amount, which is cost minus the accumulated amortization and impairment.

2. Subsequent expenses

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset involved. All additional expenses are recorded in the income statement at the time they are incurred.

3. Amortization

Amortization is calculated by subtracting the residual value from the asset cost, and is recognized as profit or loss over the estimated useful life of an intangible asset using the straight-line method when the asset is ready for use.

Estimated durability for the current period and the comparative period:

Distribution rights: 5 years

The Company reviews the amortization method of intangible assets, durability and residual values at each reporting date and makes adjustments when necessary.

(XIV) Impairment of Non-financial Assets

The Company assesses daily, during each reporting period, whether there are any indicators that suggest the carrying amount of non-financial assets (excluding inventory, deferred income tax assets, and assets generated by employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of impairment testing, a group of assets, for which cash inflows are largely independent of other individual assets or groups of assets, is the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, minus cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses are recognized when the recoverable amount of individual assets or cash-generating units is lower than the carrying amount.

Impairment losses are recognized immediately in the income statement. If impairment losses of the asset were not recognized in previous years, any reversal of non-financial assets is limited within the carrying amount range (minus depreciation or amortization).

(XV) Revenue Recognition

1. Revenue from contracts with customers

Revenue is calculated based on the consideration expected to be received as a result of the transfer of goods or services. Revenue of the Company is recognized when control over goods or services is transferred to the customer and the performance obligation has been satisfied. The Company’s primary revenue sources:

(1) Sale of goods

The Company sells medical equipment and western medications to medical institutions or distributors. Revenue is recognized when control over goods is transferred. Product control transfers to the customer once they receive it and assume full control of its distribution and pricing, and there are no outstanding obligations that would affect their acceptance of the product. Delivery occurs when the goods are transported to a specified location, at which point the risks of obsolescence and loss are transferred to the customer, and the customer has accepted the goods in accordance with the sales contract, rendering the acceptance conditions ineffective, or the Company has objective evidence that all acceptance conditions have been satisfied.

To certain customers who purchase medical equipment, the Company not only provides guarantees that meet the agreed specifications but also offers extended warranties ranging from one to five years. These contracts consist of two performance obligations, and the transaction price is allocated to each obligation based on their standalone selling prices. At the beginning of the contract, management estimate the individual selling price by selling the product separately to similar customers under similar circumstances and extending the warranty, using observable prices as a basis. The Company recognizes revenue from service-type warranties on a straight-line basis over the warranty period. Payment will be collected at the same time as the medical equipment.

The Company recognizes accounts receivable upon the delivery of goods, as it has an unconditional right to receive consideration at that time.

(2) Product maintenance, repair, and management consulting services

The Company offers maintenance for medical facility products and management consulting services, and recognizes the corresponding revenue in the reporting period for services provided. Revenue from fixed-price contracts is recognized at reporting date on the basis of the proportion of actual services rendered to total services, which is determined by the percentage of completed work to total expected work.

If changes occur, estimates for revenue, costs, and completion level will be revised accordingly. Any increase or decrease arising from the period during which management becomes aware of the changes and makes adjustments will be reflected in profit and loss.

Customers under a fixed price contract are obligated to make payments of a predetermined amount according to the agreed schedule. Contract assets are recognized when the services rendered exceed the payment, and contract liabilities are recognized when the payment exceeds the services rendered.

If the contract is based on the number of hours of services rendered, revenue is recognized at the amount that the Company has the right to issue invoices. The Company request payments monthly from customers and collects consideration when invoice has been issued.

(3) Financial components

For certain contracts, the period between the transfer of goods or services under contract and payment for those goods or services does not exceed one year, and the Company does not account for the time value of money in the transaction price. For other contracts, the Company adjusts the transaction price to account for the time value of money, reflecting the implicit significant financial benefit provided to customers.

(XVI) Employee Benefit

1. Defined contribution plans

Obligations to a defined contribution plan are recognized as expenses during the period in which the employees render services.

2. Defined benefit plans

For each individual defined benefit plan, the Company calculates net obligation by discounting the present value of future benefit amounts earned by employees during the current or prior periods, and deducting any fair value of plan assets.

Benefit obligations are annually calculated by qualified actuaries using the projected unit benefit method. If the calculation results are advantageous to the Company, the recognition of assets is restricted to the present value of any economic benefits that can be obtained through a refund or a reduction in future contributions to the plan. When calculating the present value of economic benefits, minimum funding requirements should be taken into account.

The net remeasurement amount of defined benefit liabilities, which includes actuarial gains and losses, plan asset returns (excluding interest), and any changes in the asset ceiling (excluding interest), is promptly recognized in other comprehensive income and accumulated in retained earnings. The Company calculates the net interest expense (income) of the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the start of the annual reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the resulting changes in benefits related to past service costs or reduction gains or losses are recognized immediately in profit or loss. The Company recognizes gains or losses of a defined benefit plan settlement when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses during the period in which the employees render services. If the Company has a present legal or constructive obligation to pay as a result of past services rendered by employees, and the obligation can be estimated reliably, the amount is recognized as a liability.

(XVII) Share-based Payment

Equity-settled share-based payment transactions are measured at the fair value of the equity instruments at the grant date, and expenses are recognized over the vesting period with a corresponding increase in equity. Recognized expenses are adjusted for the expected number of rewards to meet service conditions and non-market vesting conditions; the final amount recognized is based on the number of rewards that meet service conditions and non-market vesting conditions on the vesting date.

Non-vesting conditions relating to share-based rewards are reflected in the measurement of fair value on the grant date, and no verifiable adjustments are required for differences between expected and actual results.

(XVIII) Income Tax

Income tax comprises both current and deferred income tax. Current and deferred income taxes are recognized in profit or loss, except for those related to business mergers or items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income tax payables or receivables calculated using the current year's taxable income (loss) and any adjustments to income tax payables or receivables of the previous year. Amounts are based on best estimates of the amounts expected to be paid or received, measured by the statutory tax rate or tax rate under substantive legislation at the reporting date.

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Temporary differences arising from the following are not recognized as deferred tax income:

1. Assets or liabilities that are not recognized to be part of a merger and that, at the time of the transaction, (i) do not affect the accounting profit or taxable income (loss) and (ii) do not give rise to equivalent taxable and deductible temporary differences.
2. Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
3. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, unused income tax deductions carried forward, and deductible temporary differences, within the scope of future taxable income that is expected to be available for use. At each reporting date, the Company adjusts the income tax benefit by reducing it if it is unlikely to be realized, or reversing past reduction it if it's likely to be adequate for tax purposes.

Deferred income taxes are measured at the tax rates expected to apply if temporary differences were reversed, using either statutory tax rates or substantive legislative tax rates in effect at the reporting date.

The Company will offset deferred income tax assets and deferred income tax liabilities only when the following conditions are met:

1. The Company has statutory enforcement authority to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are associated with one of the following taxpayers who are subject to income tax imposed by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxable entities which intend to settle current income tax liabilities and assets on a net basis in each future period where significant deferred tax assets are expected to be recovered, and significant deferred tax liabilities are expected to be settled, or where the assets are realized and the liabilities are settled simultaneously.

(XIX) Earnings Per Share

The Company reports both basic and diluted earnings per share of the Company's common stockholders. Basic earnings per share of the Company is calculated by dividing net profit attributable to the common equity holders of the Company by weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting net profit attributable to the common equity holders of the Company and weighted average number of common shares outstanding, respectively, for potential dilution. Common shares with potential dilution of the Company include estimated employee remuneration and convertible bonds.

(XX) Division Information

The Company has disclosed division information in the Consolidated Financial Statements; therefore, no division information is disclosed in the Parent Company Only Financial Statements.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management is required to exercise judgment, make estimates, and make assumptions affecting the reported amounts of accounting policies, assets, liabilities, income, and expenses. Actual results may differ from the estimates.

Management is continuously reviewing estimates and underlying assumptions, taking into account changes in accounting estimates both during the period of change and in future periods.

No significant judgments are involved in the accounting policies used in the Parent Company Only Financial Statements.

With regards to the uncertainty surrounding assumptions and estimates, there is no significant risk of substantial adjustments in the upcoming year.

VI. VI. Details of Significant Accounts

(I) Cash and cash equivalents

	12.31.2023	12.31.2022
Cash on hand	$ 401	373
Demand deposits	152,893	142,894
Cash and cash equivalents in the statement of cash flows	$ 153,294	143,267

For the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6 (XXIII).

(II) Financial assets and liabilities at fair value through profit or loss

1. Details are as follows:

	12.31.2023	12.31.2022
Financial liabilities held for trading		
Forward foreign exchange contracts	$ 240	36

2. Non-hedging derivative instruments

Engagement in derivative financial instrument transactions is intended to hedge against foreign exchange risks from operating activities. As of December 31, 2023 and 2022, the Company reports derivatives as financial assets and financial liabilities held for trading, measured at fair value through profit or loss, due to the non-application of hedge accounting; details are as follows:

	12.31.2023			
	Contract Amount		Currency	Maturity period
Derivative financial liabilities:				
Forward foreign exchange contracts	USD	610	NT$ to US$	2024.01.08~2024.02.15

	12.31.2022			
	Contract Amount		Currency	Maturity period
Derivative financial liabilities:				
Forward foreign exchange contracts	USD	238	NT$ to US$	202301.05~202301.06

3. As of December 31, 2023 and 2022, none of the Company's financial assets at fair value through profit or loss have been pledged as collaterals.

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

	12.31.2023	12.31.2022
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted (over-the-counter) stocks- Taiwan Depository & Clearing Corporation	$ 268	268

1. The Company holds these investments in equity instruments as long-term strategic investments and not for trading purposes, therefore, they have been designated to be at fair value through other comprehensive income.
2. From January 1 to December 31, 2023, the Company did not dispose of any strategic investments, and there were no transfers of accumulated gains and losses within the equity during that period.
3. The above financial assets have not been pledged as collateral.

(IV) Accounts Receivable, Notes Receivable, Receivable Financing Lease Payments, and Collections

	12.31.2023	12.31.2022
Notes receivable	$ 213,250	199,280
Long-term notes receivable	7,242	6,230
Accounts receivable	764,510	717,241
Receivables from related parties	105,661	122,110
Finance lease receivables	39,734	42,636
Long-term finance lease receivables	97,057	78,903
Overdue receivables	4,217	4,217
Deduction: Loss allowance	(22,941)	(18,066)
Net amount	$ 1,208,730	1,152,551

Lease benefit maturity analysis for undiscounted lease benefits received after the reporting date:

	12.31.2023	12.31.2022
Under 1 year	$ 44,710	48,876
1-2 year(s)	28,383	34,388
2-3 years	19,196	19,335
3-4 years	12,414	10,831
4-5 years	9,598	5,947
Over 5 years	40,699	19,351
Total lease investment	155,000	138,728

	12.31.2023	12.31.2022
Unearned financing income	(18,209)	(17,189)
Present value of lease payments receivable	136,791	121,539
Deduction: Loss allowance	(1,368)	(1,216)
Net amount	$ 135,423	120,323

	12.31.2023	12.31.2022
Overdue receivables	$ 4,217	4,217
Deduction: Loss allowance	(4,217)	(4,217)
	$ -	-

The Company estimates expected credit losses for all accounts receivable, accounts payable, financing lease receivables, and collection amounts using a simplified approach. This approach involves measuring the expected credit losses over the lifetime of the assets. For this measurement purpose, these receivables are grouped based on shared credit risk characteristics representing the customer's ability to pay all amounts due according to the contractual terms, with forward-looking information accounted for as well. Expected credit loss analysis for the Company's accounts receivable, notes receivable, and finance leases receivable:

	12.31.2023		
	Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections	Weighted Average Expected Credit Loss Rate	Allowance for Expected Credit Losses During the Period
Not overdue	$ 1,184,634	0%	-
1-180 days overdue	27,981	15.81%	4,423
181-365 days overdue	2,497	78.45%	1,959
Over 366 days overdue	16,559	100%	16,559
	$ 1,231,671		22,941

	12.31.2022		
	Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections	Weighted Average Expected Credit Loss Rate	Allowance for Expected Credit Losses During the Period
Not overdue	$ 1,103,483	0%	-
1-180 days overdue	52,164	9.99%	5,213
181-365 days overdue	6,887	69.26%	4,770
Over 366 days overdue	8,083	100%	8,083
	$ 1,170,617		18,066

Changes in loss allowance for notes and accounts receivable, finance lease receivable and collections:

	2023	2022
Beginning balance	$ 18,066	12,280
Recognized impairment loss	4,875	5,786
Ending balance	$ 22,941	18,066

(V) Inventory

	12.31.2023	12.31.2022
Commodities	$ 593,642	675,232
Goods in transit	35,744	17,909
	$ 629,386	693,141

Inventory costs recognized as cost of goods sold and expenses for the years 2023 and 2022 were NT$2,524,687 thousand and NT$3,270,098 thousand, respectively. In 2023, improvements have been made to the factor that previously caused the net realizable value of inventory to be lower than the cost, and a decrease of NT$15,204 thousand in operating costs was recognized due to an increase in net realizable value. In 2022, inventory was adjusted to its net realizable value, leading to an inventory impairment loss of NT$45,359 thousand.

As of December 31, 2023 and 2022, none of the inventories of the Company have been pledged as collaterals.

(VI) Investments Accounted for Using the Equity Method

Investments of the Company accounted for under the equity method at the reporting date:

	12.31.2023	12.31.2022
Subsidiary	$ 732,526	686,774
Associate	62,756	62,296
	$ 795,282	749,070

1. Subsidiary

   For information regarding subsidiaries, please consult the 2023 and 2022 Consolidated Financial Statements.

2. Associate

   The financial information of the Company's associates, which are individually immaterial, and accounted for using the equity method, and is included in the Parent Company Only Financial Statements as follows:

	12.31.2023	12.31.2022
Closing aggregated carrying amount of interests in individually insignificant related parties	$ 62,756	62,296

		2023	2022
Equity owned by the Company:			
Net profit from ongoing operations for the current period	$	4,749	4,765
Other comprehensive income		-	-
Total comprehensive income	$	4,749	4,765

As of December 31, 2023 and 2022, none of the investments accounted for under the equity method of the Company have been pledged as collaterals.

(VII) Property, Plant, and Equipment

Changes in cost and accumulated depreciation of properties, plants and equipment of the Company for 2023 and 2022:

		Land	Building and Construction	Transportation Equipment	Office Equipment	Leased Assets	Construction in Progress	Total
Cost:								
Balance as of January 1, 2023	$	412,632	426,833	1,877	42,920	161,706	17,002	1,062,970
Increase		-	12,302	2,616	5,794	650	-	21,362
Reclassifications		-	16,740	72	9,634	25,453	(17,002)	34,897
Disposal and obsolescence		-	-	-	(376)	(5,365)	-	(5,741)
Balance as of December 31, 2023	$	412,632	455,875	4,565	57,972	182,444	-	1,113,488
Balance as of January 1, 2022	$	391,634	162,553	1,877	25,855	149,778	224,968	956,665
Increase		20,998	11,936	-	4,694	-	43,828	81,456
Reclassifications		-	252,344	-	13,039	31,924	(251,794)	45,513
Disposal and obsolescence		-	-	-	(668)	(19,996)	-	(20,664)
Balance as of December 31, 2022	$	412,632	426,833	1,877	42,920	161,706	17,002	1,062,970
Accumulated Depreciation and Impairment Losses:								
Balance as of January 1, 2023	$	-	57,716	1,563	15,863	79,285	-	154,427
Current year depreciation		-	9,833	421	7,771	22,416	-	40,441
Reclassifications		-	-	-	-	(526)	-	(526)
Disposal and obsolescence		-	-	-	(356)	(4,469)	-	(4,825)
Balance as of December 31, 2023	$	-	67,549	1,984	23,278	96,706	-	189,517
Balance as of January 1, 2022	$	-	53,488	1,240	10,581	64,409	-	129,718
Current year depreciation		-	4,228	323	5,411	22,988	-	32,950
Reclassifications		-	-	-	(99)	(112)	-	(211)
Disposal and obsolescence		-	-	-	(30)	(8,000)	-	(8,030)
Balance as of December 31, 2022	$	-	57,716	1,563	15,863	79,285	-	154,427
Carrying amount:								
December 31, 2023	$	412,632	388,326	2,581	34,694	85,738	-	923,971
January 1, 2022	$	391,634	109,065	637	15,274	85,369	224,968	826,947
December 31, 2022	$	412,632	369,117	314	27,057	82,421	17,002	908,543

For details regarding loans and financing commitment as of December 31, 2023 and December 31, 2022, please refer to Note 8.

(VIII) Right-of-use assets

Changes in cost and accumulated depreciation of leased premises, buildings, and transportation equipment of the Company for 2023 and 2022:

	Building and Construction	Transportation Equipment	Total
Costs of right-of-use assets:			
Balance as of January 1, 2023	$ 11,111	-	11,111
Increase	-	1,309	1,309
Decrease	(6,241)	-	(6,241)
Balance as of December 31, 2023	**$ 4,870**	**1,309**	**6,179**
Balance as of January 1, 2022	$ 9,933	-	9,933
Increase	1,178	-	1,178
Balance as of December 31, 2022	**$ 11,111**	**-**	**11,111**
Accumulated depreciation of right-of-use assets			
Balance as of January 1, 2023	$ 7,895	-	7,895
Current period depreciation	762	400	1,162
Decrease	(6,241)	-	(6,241)
Balance as of December 31, 2023	**$ 2,416**	**400**	**2,816**
Balance as of January 1, 2022	$ 2,973	-	2,973
Current period depreciation	4,922	-	4,922
Balance as of December 31, 2022	**$ 7,895**	**-**	**7,895**
Carrying amount:			
December 31, 2023	**$ 2,454**	**909**	**3,363**
January 1, 2022	**$ 6,960**	**-**	**6,960**
December 31, 2022	**$ 3,216**	**-**	**3,216**

(IX) Investment property

Investment properties are held by the Company as its own assets. The initial non-cancelable period of the leased investment property is five to ten years.

Rental income from the leased investment properties is a fixed amount.

Changes in cost and accumulated depreciation of investment properties of the Company for 2023 and 2022:

	Land	Building and Construction	Total
Cost:			
Balance as of January 1, 2023	$ 25,736	484	26,220
Balance as of December 31, 2023	$ 25,736	484	26,220
Balance as of January 1, 2022	$ 25,736	484	26,220
Balance as of December 31, 2022	$ 25,736	484	26,220
Depreciation:			
Balance as of January 1, 2023	$ -	110	110
Current year depreciation	-	9	9
Balance as of December 31, 2023	$ -	119	119
Balance as of January 1, 2022	$ -	100	100
Current year depreciation	-	10	10
Balance as of December 31, 2022	$ -	110	110
Carrying amount:			
December 31, 2023	$ 25,736	365	26,101
January 1, 2022	$ 25,736	384	26,120
December 31, 2022	$ 25,736	374	26,110
Fair value:			
December 31, 2023			$ 27,951
December 31, 2022			$ 28,535

The fair value assessment of investment properties is determined by aggregating the estimated cash flows expected from renting the properties, and discounting them using a rate that reflects the specific risks inherent in the net cash flows, to determine the value of the property. Range of rates of return used in 2023 and 2022:

Region	2023	2022
Chaozhou Township, Pingtung County	0.32%	0.24%

As of December 31, 2023 and 2022, no investment properties of the Company were pledged as collaterals.

(X) Intangible assets

Changes in cost and accumulated amortization of intangible assets for 2023:

	Other Intangible Assets
Cost:	
Balance as of January 1, 2023	$ -
Increase	2,381
Reclassifications	21,429
Balance as of December 31, 2023	$ 23,810
Amortization:	
Balance as of January 1, 2023	$ -
Current period amortization	2,381
Balance as of December 31, 2023	$ 2,381
Carrying amount:	
December 31, 2023	$ 21,429

As of December 31, 2023 and 2022, no intangible assets of the Company were pledged as collaterals.

(XI) Short-term loans

	12.31.2023	12.31.2022
Secured bank loans	$ -	110,000
Unsecured bank loans	-	300,000
Total	$ -	410,000
Unused credit line	$ 991,777	685,147
Interest rate	-	1.58%~1.795%

Assets of the Company pledged as collaterals for bank loans are described in Note 8.

(XII) Corporate Bonds Payable

Issuance of unsecured convertible bonds:

	12.31.2023	12.31.2022
Total amount of issued convertible bonds	$ -	420,000
Accumulated redeemed amount	-	(700)
Accumulated converted amount	-	(419,300)
Current liabilities - long-term liabilities due within one year or one operating cycle (Corporate bonds payable)	$ -	-

	2023	2022
Interest expenses	$ -	200

From January 1 to December 31, 2022, as holders of convertible bonds exercised their conversion rights, the Company converted 498 thousand shares of common stock at a price of NT$89.8 per share, amounting to 447 shares.

The Company's first domestic unsecured convertible bonds matured in full on April 18, 2022, with NT$700 thousand remaining unconverted, and these convertible bonds were redeemed in cash at face value in a lump-sum payment.

Item	The First Domestic Unsecured Convertible Bonds
1. Total issuance	NT$420,000 thousand
2. Issuance face value	NT$100 thousand
3. Issuance period	2019.04.18~2022.04.18
4. Bond term	3years
5. Coupon rate	0%
6. Repayment upon maturity	The Company shall redeem the convertible bonds held by bondholders in cash at par value upon maturity.
7. Redemption methods	(1) Starting from the day after the full three months since the issuance of the convertible bonds until 40 days before the end of the issuance period, if the closing price of the Company's common stock exceeds 30% of the conversion price for 30 consecutive business days, the Company may redeem all bonds at face value in cash within the following 30 business days. (2) Starting from the day after the full three months since the issuance of the convertible bonds until 40 days before the end of the issuance period, if the outstanding balance of the convertible bonds is less than 10% of the total amount of the original issue, the Company may recover all of the convertible bonds in cash at face value at any time thereafter.
8. Conversion period	(1) Starting from three months after the issuance date of the convertible corporate bonds and until the maturity date, the Company's issuance regulations allow for bondholders to convert convertible bonds into common shares of the Company. (1) The Company will suspend conversions from fifteen business days before the book closure date for stock grants, cash dividends, or capital increase option, until the record date for rights distribution, and from the record date for capital reduction until the day before the commencement of trading of the reduced capital stock, in accordance with the Company's issuance regulations.
9. Conversion price and adjustment	The conversion price at the time of issuance is NT$106.5/share. On August 8, 2021 and July 19, 2020, the conversion price was adjusted to NT$89.8 and NT$94.4 per share, respectively, in accordance with anti-dilution provisions.

(XIII) Lease Liabilities

Carrying amount of the Company's lease liabilities:

	12.31.2023	12.31.2022
Current	$ 1,200	755
Non-current	$ 2,256	2,540

For an analysis of maturity, please refer to Note 6 (XXIII): Financial Instruments.

Leases recognized in the income statement:

	2023	2022
Interest expenses for lease liabilities	$ 53	72
Changes in lease payments not accounted for in measurement of lease liabilities	$ 2,801	6,105
Short-term lease expenses	$ 257	346
Expenses for low-value lease assets (excluding low-value short-term leases)	$ 2,914	2,526

Leases recognized in the cash flow statement:

	2023	2022
Total cash flows on lease	$ 7,173	13,964

1. Real estate, construction, and transportation equipment leasing

   The Company leases buildings and structures as office spaces and storage locations, and the usual lease term is 3-10 years for office spaces, 2 years for storage locations. Some leases offer the option to extend for the same duration as the original contract when the lease term expires. The lease term for transportation equipment is three years.

   Certain lease agreements offer extension options, but specific terms and conditions agreed upon may differ within the Company as these agreements are handled independently by various regions. These options are enforceable only by the Company and not by the lessor. Where it is not reasonably certain that the optional extended lease term will be exercised, the lease liability does not include payments for the period covered by the option.

2. Other leases

   The Company leases office equipment and other assets for a period of one to two years under short-term or low-value leases. In accordance with the exemption recognition rules, the Company does not recognize the associated right-of-use assets and lease liabilities.

(XIV) Operating Leases

1. Lessor lease

   The Company leases its investment properties, offices, and storage locations. These lease agreements are classified as operating leases because the Company does not transfer most risks and rewards associated with ownership of the assets.

For more details, please refer to Note 6 (IX). Rental income recognized in profit and loss for 2023 and 2022 was NT$51,915 thousand and NT$47,548 thousand, respectively, with the rental income from investment properties amounting to NT$1,497 thousand.

Lease benefit maturity analysis as of December 31, 2023 and 2022, for undiscounted lease benefits received after the reporting date:

	12.31.2023	12.31.2022
Under 1 year	$ 2,770	4,844
Total lease payments without any discounts	$ 2,770	4,844

(XV) Employee benefit

1. Defined benefit plans

Reconciliation of the present value of defined benefit obligations to the fair value of plan assets:

	12.31.2023	12.31.2022
Present value of defined benefit obligation	$ 71,320	70,218
Fair value of plan assets	(71,186)	(65,067)
Net defined benefit liabilities (assets)	$ 134	5,151

The Company's employee welfare liabilities are as follows:

	12.31.2023	12.31.2022
Liability for compensated absences (recorded under "Other payables")	$ 5,737	5,355

The Company allocates its defined benefit plan to the Labor Retirement Reserve at Bank of Taiwan. Retirement payment for each employee under the Labor Standards Act is calculated on the basis of the length of service and the average salary for the six months preceding retirement.

(1) Composition of plan assets

The retirement fund allocated by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds of Ministry of Labor (Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum annual income to be distributed from the fund shall not be less than the income calculated based on the two-year fixed deposit interest rate of local banks.

As of the reporting date, the balance of the Company's Labor Retirement Reserve at Bank of Taiwan totaled NT$17,620thousand. For information on the utilization of the labor pension fund assets, including the fund's dividend yield and asset allocation, please refer to the website of the Bureau of Labor Funds.

(2) Changes to the present value of defined benefit obligation

Variations in the present value of the Company's defined benefit obligations in 2023 and 2022:

	2023	2022
Defined benefit obligations as of January1	$ 70,218	84,075
Current service costs and interest	1,014	1,081
Remeasurement of net defined benefit liabilities (assets)	88	(6,959)
Benefits paid by plan	-	(7,979)
Defined benefit obligations as of December31	$ 71,320	70,218

(3) Variations in fair value of plan assets

Variations in the fair value of the Company's defined benefit plan assets in 2023 and 2022:

	2023	2022
Fair value of plan assets on January 1	$ 65,067	63,170
Amount allocated to the plan	5,685	6,150
Projected return on plan assets	903	328
Remeasurement of net defined benefit liabilities (assets)	(469)	1,432
Benefits paid by plan	-	(6,013)
Fair value of plan assets on December 31	$ 71,186	65,067

(4) Expenses recognized as profit or loss

Expenses recognized as profit or loss for 2023 and 2022:

	2023	2022
Service costs for the current period	$ 83	660
Interest cost	931	421
Projected return on plan assets	(903)	(328)
	$ 111	753

	2023	2022
General and administrative expenses	$ 111	753

(5) Remeasurement of net defined benefit assets recognized in other comprehensive income

Remeasurement of cumulative net defined benefit assets in other comprehensive income of the Company:

		2023	2022
Accumulated balance as of January 1	$	(53,552)	(62,118)
Recognized by the Company		(557)	8,391
Recognized by subsidiaries		(24)	175
Accumulated balance as of December 31	$	(54,133)	(53,552)

(6) Actuarial assumptions

Significant actuarial assumptions used to determine the present value of the defined benefit obligations at the end of the reporting period:

	12.31.2023	12.31.2022
Discount rate	1.2407%	1.3253%
Future salary increase	1.250%	1.250%

The Company intends to allocate NT$5,756 thousand to the defined benefit plan within one year after the 2023 reporting date.

The defined benefit plan has a weighted average duration of 7.96 years.

(7) Sensitivity analysis

Effect of changes in the major actuarial assumptions used in determining the present value of benefit obligations as of December 31, 2023 and 2022:

		Effect on defined benefit obligation	
		Increase	Decrease
December 31, 2023			
Discount Rate (Change: 0.25%)	$	(1,372)	1,412
Future salary increase (Change:0.50%)		2,807	(2,674)
December 31, 2022			
Discount Rate (Change: 0.25%)		(1,426)	1,471
Future salary increase (Change:0.50%)		2,928	(2,778)

The above sensitivity analysis analyzes the impact of a single variation in the hypothesis while keeping other assumptions unchanged. In practice, numerous assumptions may be interconnected. The sensitivity analysis also aligns with the methodology employed to compute net pension liability.

The methodology and hypotheses used in preparing the sensitivity analysis for the current period are the same as those used in the previous period.

2. Defined contribution plans

The Company's defined contribution plan complies with the Labor Pension Act, allocating 6.00% of an employee's monthly salary to their Individual Labor Pension Accounts at the Bureau of Labor Insurance. Under this plan, the Company has no legal or constructive obligation to pay additional amounts once a fixed amount has been contributed to the Bureau of Labor Insurance.

Pension costs under the defined contribution plan amounted to NT$13,333 thousand for 2023, and NT$11,824 thousand for 2022, and have been allocated to the Bureau of Labor Insurance.

(XVI) Income Tax

1. Detailed breakdown of the Company's income tax expenses:

	2023	2022
Current income tax expenses	$ 56,634	72,243
Deferred income tax expenses (benefits)	10,075	(7,843)
	$ 66,709	64,400

The Company has no income tax expense that is recognized directly in equity and other comprehensive income in 2023 and 2022.

Reconciliation of income tax expenses to pre-tax net income for 2023 and 2022:

	2023	2022
Income before tax	$ 414,693	430,828
Income tax calculated at the domestic tax rates of each company's location	$ 82,939	86,165
Non-deductible expenses	773	29
Domestic investment interests recognized under Equity Method	(18,524)	(19,498)
Changes in unrecognized temporary differences	240	(1,569)
Past overestimation/underestimation	(1)	(727)
Surcharge on undistributed earnings	1,282	-
Total	$ 66,709	64,400

2. Deferred income tax assets and liabilities

Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2023 and 2022:

	Investment Gain Recognized under Equity Method	Unrealized Exchange Gains	Total
Deferred income tax liabilities:			
Balance as of January 1, 2023	$ 8,065	14	8,079
Debit/credit to profit and loss account	(66)	359	293
Balance as of December 31, 2023	$ 7,999	373	8,372
Balance as of January 1, 2022	$ 8,773	669	9,442
Debit/credit to profit and loss account	(708)	(655)	(1,363)
Balance as of December 31, 2022	$ 8,065	14	8,079

		Loss on inventory write-down	Convertible bonds	Valuation of Financial Instruments	Others	Total
Deferred income tax assets:						
Balance as of January 1, 2023	$	12,752	-	7	1,940	14,699
(Debit) credit to profit and loss account		(10,014)	-	41	191	(9,782)
Balance as of December 31, 2023	$	2,738	-	48	2,131	4,917
Balance as of January 1, 2022	$	3,680	4,198	240	101	8,219
(Debit) credit to profit and loss account		9,072	(4,198)	(233)	1,839	6,480
Balance as of December 31, 2022	$	12,752	-	7	1,940	14,699

3. Income tax assessment

The Company's income tax settlement declaration has been approved by tax authorities until 2021.

(XVII) Capital and other equity

As of December 31, 2023 and 2022, the Company had an authorized capital of NT$800,000 thousand with a par value of NT$10 per share; and amount of common shares actually issued was 44,521 thousand shares and 40,521 thousand shares, respectively. Payment for all issued shares has been received.

Shares outstanding for 2023 and 2022:

	Common Stock	
(In thousand shares)	2023	2022
Beginning balance as of January 1	40,521	40,023
Cash capital increase	4,000	-
Converging convertible bonds	-	498
Ending balance as of December 31	44,521	40,521

1. 1. Issuance of common stock

In 2022, due to the exercise of conversion rights by holders of convertible bonds, the consolidated companies issued 498 thousand new shares at par value, totaling NT$4,978 thousand. Related legal registration procedures have been duly completed.

On October 20, 2022, the Board of Directors passed a resolution to increase cash capital by issue 4,000 thousand new shares of common stock at a premium of

NT$125 per share, resulting in a total amount of NT$498,750 thousand (excluding issuance costs of NT$1,250 thousand). The reference date is April 7, 2023; all payments for the issue shares have been received, and relevant legal registration procedures were completed on April 25, 2023.

2. Capital surplus

Breakdown of the Company's capital surplus is as follows:

		12.31.2023	12.31.2022
Premium on share issuance	$	1,591,611	1,121,223
Employees stock option		9,174	9,174
Expired stock options		706	-
Income from donations		497	469
	$	1,601,988	1,130,866

Under the Company Act, additional paid-in capital is required to first offset a deficit before new shares or cash can be issued to shareholders in proportion to their original shares. Realized additional paid-in capital includes premium received from issuing shares above their par value and income from donations. Under the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital reserve that may be appropriated as additional paid-in capital each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

In accordance with the Company's Articles of Incorporation, if the annual final accounts show a surplus, taxes should be paid first to offset any past losses, then 10% of the surplus should be allocated to legal reserve, unless the legal reserve has already reached the Company's paid-in capital. Furthermore, a special reserve may be set aside based on the Company's operational needs and legal requirements. Afterwards, if there is still a surplus and unappropriated earnings from the beginning of the period, the Board of Directors shall propose a earnings distribution plan and submit for approval at the shareholders' meeting.

The Company is currently experiencing a period of business growth, and its dividend policy prioritizes the Company's future development and financial condition, while also ensuring reasonable remuneration for shareholders. As a result, at least fifty percent of the dividends and profits distributed to shareholders are in the form of cash dividends.

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash out of legal reserve by resolution of the shareholders' meeting, provided that such reserve shall not exceed 25% of the paid-in capital.

(2) Special reserve

In accordance with the regulations set by the Financial Supervisory Commission when distributing distributable profits, the Company shall allocate the special reserve from the current year's income and unappropriated profits from previous periods to other shareholders' equity. For reductions in other shareholders' equity items accumulated from previous periods, an equivalent amount must be allocated to special reserves from undistributed profits, and cannot be distributed When there is a reversal of amounts deducted from other equity items of shareholders, the reversed portion may be distributed as retained earnings

(3) Distribution of earnings

At the shareholders' meetings held on June 14, 2023 and June 22, 2022, the Company resolved to distribute dividends for 2022 and 2021, respectively. Dividends distributed to shareholders are detailed as follows:

	2022		2021	
	Allotment ratio (NT$)	**Amount**	**Allotment ratio (NT$)**	**Amount**
Cash dividends	$ 7.00	311,647	7.00	283,647

(XVIII) Share-based payment

1. Cash capital increase with reserved employee subscription rights

On October 20, 2022, the Board of Directors resolved to increase the Company's cash capital, of which 600 thousand shares were reserved for employee subscription. Relevant information is as follows:

	Cash capital increase with reserved employee subscription rights
Date given	02.15.2023
Quantity given	600 thousand shares
Executed quantity	600 thousand shares
Vesting period	Immediate vesting

The Company has assigned a fair value of NT$20.574 per unit for retained cash capital increase and employee stock options. In 2023, compensation cost amounted to NT$12,344 thousand and was recognized as labor expenses and classified under operating expenses.

(XIX) Earnings per share

1. Basic earnings per share

As of December 31, 2023 and 2022, basic earnings per share of the Company is calculated based on net income attributable to the Company's common equity holders and the weighted-average number of common shares outstanding:

(1) Net profit attributable to the common equity holders of the Company

	2023	2022
Net profit attributable to the common equity holders of the Company	$ 347,984	366,428

(2) Weighted average number of common shares outstanding

	2023	2022
Outstanding common shares as of January1	40,521	40,023
Converging convertible bonds	-	407
Impact of cash capital increase and issuance of new shares	2,948	-
Weighted average number of common shares outstanding on December 31	43,469	40,430

2. Diluted earnings per share

As of December 31, 2023 and 2022, diluted earnings per share of the Company is calculated based on net income attributable to the Company's common equity holders and the weighted-average number of common shares outstanding after adjusting for the dilutive effects of all potential common shares:

(1) Net income attributable to equity holders of the Company's common stock (diluted)

	2023	2022
Net profit attributable to the common equity holders of the Company(basic)	$ 347,984	366,428
Net impact of convertible bond interest costs	-	159
Net income attributable to equity holders of the Company's common stock (diluted)	$ 347,984	366,587

(2) Weighted average number of common shares outstanding (diluted)

	2023	2022
Weighted average number of common shares outstanding (basic)	43,469	40,430
Effect of employee stock compensation	37	39
Impact of stock option issuance	84	-
Converging convertible bonds	-	125
Weighted average number of common shares outstanding (diluted) on December 31	43,590	40,594

(XX) Revenue From Contracts with Customers

1. Revenue Breakdown

	2023		
	Hemodialysis Division	**Other Divisions**	**Total**
Main markets in the region:			
Taiwan	$ 2,675,555	740,073	3,415,628
Indonesia	8,244	-	8,244
China	-	5,524	5,524
Japan	247	-	247
	$ 2,684,046	745,597	3,429,643
Main products/services:			
Dialyzer and blood tubing	$ 1,322,140	-	1,322,140
Erythropoietin and liquid medications	1,014,534	-	1,014,534
Hemodialysis machine, maintenance and repair	212,079	-	212,079
Respiration and anesthesia	-	245,190	245,190
Lease income	4,167	44,835	49,002
Service revenue	12,606	-	12,606
Others	118,520	455,572	574,092
	$ 2,684,046	745,597	3,429,643

	2022		
	Hemodialysis Division	**Other Divisions**	**Total**
Main markets in the region:			
Taiwan	$ 2,734,033	1,535,025	4,269,058
Indonesia	5,491	-	5,491
China	-	8,718	8,718
Japan	247	-	247
	$ 2,739,771	1,543,743	4,283,514
Main products/services:			
Dialyzer and blood tubing	$ 1,305,131	-	1,305,131
Erythropoietin and liquid medications	1,123,764	-	1,123,764
Hemodialysis machine, maintenance and repair	161,325	-	161,325
Respiration and anesthesia	-	317,637	317,637
Lease income	11,847	30,341	42,188
Service revenue	14,361	-	14,361
Others	123,343	1,195,765	1,319,108
	$ 2,739,771	1,543,743	4,283,514

2. Contract balance

	12.31.2023	12.31.2022	1.1.2022
Notes receivable	$ 213,250	199,280	221,824
Long-term notes receivable	7,242	6,230	3,290
Accounts receivable	764,510	717,241	729,596
Receivables from related parties	105,661	122,110	112,342
Finance lease receivables	39,734	42,636	38,370
Long-term finance lease receivables	97,057	78,903	81,269
Overdue receivables	4,217	4,217	3,623
Deduction: Loss allowance	(22,941)	(18,066)	(12,280)
Total	$ 1,208,730	1,152,551	1,178,034

	12.31.2023	12.31.2022	1.1.2022
Contractual liabilities for maintenance and repair services	$ 32,633	26,239	26,537

Please refer to Note 6 (IV) for the disclosure of notes receivable, accounts receivable and finance lease receivables and their impairment.

Revenue recognized for the initial balance of contract liabilities as of January 1, 2023 and 2022, was NT$10,739 thousand and NT$10,810 thousand, respectively.

Changes in contract liabilities are mainly due to timing difference between the Company's performance obligations and customer payment.

3. Allocation to transaction price of outstanding performance obligations

On December 31, 2023 and 2022, the total transaction price for the extended warranty service allocated to outstanding performance obligations, which has not yet been fulfilled, was NT$32,633 thousand and NT$26,239 thousand, respectively. The Company shall recognize this revenue gradually as the service is provided, which is expected to be completed within two to six years.

(XXI) Remuneration for employees, directors, and supervisors

According to the Articles of Incorporation of the consolidated companies, if there are profits for the year, allocation for the remuneration of employees shall be at least 1%, and that of directors and supervisors shall be no more than 3%. However, the consolidated companies should reserve a deficit compensation amount in advance losses have accumulated. Remuneration in stock or cash is targeted at employees of the consolidated companies who meet certain criteria.

Employee remuneration for 2023 and 2022 was estimated at NT$4,320 thousand and NT$4,488 thousand, while director and supervisor remuneration was NT$12,959 thousand and NT$13,463 thousand, respectively. These estimates are calculated by multiplying the pre-tax net profit for each respective period by the percentage of employee remuneration and director and supervisor remuneration specified in the

Company's Articles of Incorporation, and are recorded as operating expenses for 2023 and 2022. Relevant information can be found on the Market Observation Post System (MOPS). The aforementioned amounts of remuneration allocated to employees, Directors, and Supervisors, as resolved by the Board of Directors, are in line with the estimated amounts stated in the Company's 2022 Parent Company Only Financial Statements.

(XXII) Non-operating Income and Expenses

1. Interest income

Other interest income for 2023 and 2022:

		2023	2022
Interest on bank deposits	$	1,758	247
Interest income on finance lease receivables		7,476	8,248
	$	9,234	8,495

2. Other income

Other income for 2023 and 2022:

		2023	2022
Rental income	$	2,913	5,359
Commission income		3,862	141
Others		4,449	5,878
	$	11,224	11,378

3. Other gains and losses

Other gains and losses for 2023 and 2022:

		2023	2022
Gains (losses) on foreign currency exchange	$	9,063	(1,512)
Gains (losses) on disposal of property, plant, and equipment		1,204	(8,587)
Gains (losses) on financial assets at fair value through profit or loss		(625)	(1,720)
Others		(59)	(2,442)
	$	9,583	(14,261)

4. Finance costs

Finance costs for 2023 and 2022:

		2023	2022
Interest expenses	$	4,139	4,967

(XXIII) Financial Instruments

1. Credit risk

(1) Exposure to credit risk

The book value of financial assets represents the maximum credit risk exposure.

(2) Credit risk concentration

Primary credit risks for the Company stem from financial instruments associated with cash, bank deposits, and accounts receivable. The Company's cash is deposited in different financial institutions. The Company controls the credit risk exposure to each financial institution and believes that there is no significant concentration of credit risk in its cash and bank deposits.

Major customers of the Company are located in various medical industries, and pose no significant customer concentration risk. In order to minimize credit risk, the Company conducts ongoing evaluations of the financial status of its customers, and impairment risk is still within the expectations of management.

2. Liquidity risk

The table below displays maturity dates of financial liabilities, including estimated interest but excluding the impact of netting agreements.

	Carrying Amount	Contract Cash Flow	Within 1 Year	1-5 Years	Over 5 Years
December 31, 2023					
Non-derivative financial liabilities					
Notes payable	$ 7,515	7,515	7,515	-	-
Accounts payable	624,350	624,350	624,350	-	-
Payables to related parties	17,613	17,613	17,613	-	-
Other payables	163,933	163,933	163,933	-	-
Lease liabilities	3,456	3,550	1,239	2,075	236
Other forward exchange contracts	240	240	240		
	$ 817,107	817,201	814,890	2,075	236
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 410,000	411,191	411,191	-	-
Notes payable	7,625	7,625	7,625	-	-
Accounts payable	650,971	650,971	650,971	-	-
Payables to related parties	23,414	23,414	23,414	-	-
Other payables	172,700	172,700	172,700	-	-
Lease liabilities	3,295	3,407	791	1,980	636
Other forward exchange contracts	36	36	36		
	$ 1,268,041	1,269,344	1,266,728	1,980	636

The Company does not anticipate cash flows for the maturity analysis to occur earlier or differ significantly in amount.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Company's financial assets and liabilities that are exposed to significant foreign exchange rate risk:

	12.31.2023			12.31.2022		
	Foreign Currency	**Exchange Rate**	**NT$**	**Foreign Currency**	**Exchange Rate**	**NT$**
Financial assets						
Monetary items						
JPY	$ 34,323	0.2171	7,452	18,906	0.2321	4,388
USD	179	30.705	5,496	193	30.725	5,930
Financial liabilities						
Monetary items						
JPY	489,429	0.2171	106,255	562,344	0.2321	130,520
USD	1,183	30.705	36,324	1,689	30.725	51,895

(2) Sensitivity analysis

The Company's exposure to foreign exchange risk on monetary items mainly arises from cash, cash equivalents, other receivables, and accounts payable denominated in foreign currencies, which generate foreign exchange gains or losses upon translation. As of December 31, 2023 and 2022, if NT$ depreciates or appreciates by0.25%against US$ and JPY, with all other factors remaining constant, the pre-tax net income for 2023 and 2022 would decrease or increase by NT$324thousand and NT$430thousand, respectively. The analysis for both periods is conducted using the same foundation.

(3) Exchange gains and losses on monetary items

The Company discloses information on foreign exchange gains and losses on monetary items on a consolidated basis. In 2023 and 2022, the Company recorded foreign exchange gains to be NT$9,063 thousand and losses to be NT$1,512 thousand, respectively.

4. Interest rate analysis

Financial assets and financial liabilities with interest rate risk:

	12.31.2023	**12.31.2022**
Variable rate instruments (book value)		
Financial assets	$ 155,540	149,159
Financial liabilities	-	410,000

Financial assets and financial liabilities with interest rate risk of the Company are described in the liquidity risk management segment of these notes.

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at the report date. Floating rate assets and liabilities are analyzed by assuming that the amount of assets and liabilities outstanding at the reporting date is outstanding for the entire year. The rate of change used to internally report interest rates to key management personnel is0.25%increase or decrease in the interest rate, which also represents management's assessment on the reasonably possible scope of interest rate.

If the interest rate increased or decreased by0.25%, the Company's net income before tax in 2023 and 2022 would have increased or decreased by NT$389thousand and NT$652thousand, respectively, with all other variables remaining constant, which was mainly due to the Company's changing bank deposit rates and loans.

5. Information on fair value:

(1) Classification of financial instruments and determination of fair value

The Company's financial assets and liabilities at fair value through profit or loss are measured at fair value on a recurring basis. Carrying amounts and fair values of various financial assets and financial liabilities (including fair value hierarchy information, but excluding financial instruments measured at fair value where the carrying amount is a reasonable approximation of fair value, and lease liabilities, of which fair value information disclosure is not required):

	12.31.2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$ 268	-	-	268	268
Financial assets at amortized cost:					
Cash and cash equivalents	$ 153,294				
Notes and accounts receivable	960,478				
Receivables from related parties	105,661				
Finance lease receivables	39,337				
Other receivables	650				
Other financial assets - current	2,647				
Long-term notes receivable	7,168				
Long-term finance lease receivables	96,086				
Refundable deposits	41,920				
Subtotal	1,407,241				
Total	**$ 1,407,509**				
Financial liabilities at fair value through profit or loss	$ 240	-	240	-	240
Financial liabilities at amortized cost:					
Notes and accounts payable	631,865				

Notes to the Parent Company Only Financial Statements of Hi-Clearance Inc. (Cont.)

	12.31.2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Payables to related parties	17,613				
Other payables	163,933				
Lease liabilities	3,456				
Subtotal	816,867				
Total	$ 817,107				

	12.31.2022				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 268	-	-	268	268
Financial assets at amortized cost:					
Cash and cash equivalents	143,267				
Notes and accounts receivable	903,951				
Receivables from related parties	122,110				
Finance lease receivables	42,209				
Other receivables	5,370				
Other financial assets – current	6,265				
Long-term notes receivable	6,167				
Long-term finance lease receivables	78,114				
Refundable deposits	33,264				
Subtotal	1,340,717				
Total	$ 1,340,985				
Financial liabilities at fair value through profit or loss	$ 36	-	36	-	36
Financial liabilities at amortized cost:					
Short-term loans	410,000				
Notes and accounts payable	658,596				
Payables to related parties	23,414				
Other payables	172,700				
Lease liabilities	3,295				
Subtotal	1,268,005				
Total	$ 1,268,041				

(2) Fair value measurement techniques for financial instruments at fair value

A. Non-derivative financial instruments

The fair value of financial instruments is determined based on active market quotations when they are available. The fair value of listed (OTC) equity instruments and debt instruments with active market quotations is determined based on the market prices of the Central Government Bonds for popular securities.

If a public quotation for the financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely and regular manner, and if the price reflects actual and frequent transactions by fair market traders, then the financial instrument is considered to have an active market with public quotations. If the above conditions are not met, the market shall be deemed inactive. Generally, substantial disparities or notable increases between buying and selling prices, and low trading volume, are all indications of an inactive market.

Summary of fair values of financial instruments held by the Company that have an active market by category and attribute:

Forward foreign exchange contracts and other financial assets and liabilities that are traded in active markets are valued at fair value, which is determined based on market quotations.

Apart from the financial instruments mentioned above that have active markets, the fair value of other financial instruments is determined using valuation techniques or by referring to quotes from counterparties. The fair value obtained through valuation techniques can be referenced to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow methods, or other valuation techniques, including models that use market information available on the reporting date (such as the Taipei Exchange reference yield curve, or Reuters commercial paper rate average quotes).

(3) Fluctuations in level 3

	Measured at fair value through other comprehensive income
Balance as of December 31, 2023 (opening balance)	**$ 268**

(4) The Company did not experience any changes in levels of fair value in the years 2023 and 2022.

(XXIV) Financial Risk Management

1. Summary

   The company faces the following risks as a result of using financial instruments:

   (1) Credit risk

   (2) Liquidity risk

   (3) Market risk

   This note outlines the Company's exposure to the aforementioned risks, as well as its objectives, policies, and assessment and management procedures. For more detailed information and disclosure, please consult relevant notes in the Parent Company Only Financial Statements.

2. Risk management framework

   The Board of Directors holds full responsibility for establishing and overseeing the Company's risk management framework. The Finance & Accounting Division proposes the evaluation plan and benefit analysis, which are then submitted to supervisors or the Board of Directors for approval, following the internal decision-making authority of the Company.

   The Company's internal audit personnel conducts regular or irregular risk management control and procedural audits as per the internal audit plan, and provides reports on the review results to Supervisors and the Board of Directors. The Company does not participate in financial instrument transactions for speculative purposes.

3. Credit risk

   Credit risk refers to the potential financial loss that the Company faces when customers or counterparties fail to meet their contractual obligations, mainly due to the Company's bank deposits, accounts receivable, and other financial instruments.

   (1) Accounts receivable

   Major customers of the Company are located in various medical industries, and pose no significant customer concentration risk. In order to minimize credit risk, the Company conducts ongoing evaluations of the financial status of its customers, and impairment risk is still within the expectations of management.

   (2) Investment

   The Finance & Accounting Division of the Company is responsible for measuring and monitoring the credit risk of bank deposits and other financial instruments. As all counterparties and performance parties of the Company are reputable banks and financial institutions with investment-grade or higher credit ratings, there are no significant performance concerns, and thus, no significant credit risks.

   (3) Guarantee

As of December 31, 2023 and 2022, the Company has not provided endorsement guarantees except for the bank financing of its subsidiaries.

4. Liquidity risk

Liquidity risk refers to the inability of the Company to deliver cash or other financial assets to meet financial obligations and fulfill related liabilities.

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

Bank loans are an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company had unutilized short-term bank financing limits of NT$991,777 thousand and NT$685,147 thousand, respectively.

5. Market risk

Market risk refers the potential for fluctuations in market prices, including exchange rates, interest rates, and equity instrument prices that could impact the earnings or value of the Company's financial instruments. The goal of market risk management is to maintain market risk at an acceptable level and optimize investment returns.

To mitigate market risks, the Company participates in derivative instrument trading, which leads to the incurrence of financial liabilities. All transactions are executed under the guidance of management.

(1) Foreign exchange risk

The Company is exposed to exchange rate risk arising from purchases that are not denominated in the functional currency of the Group's entities. Functional currencies of the Group are mainly NT$, US$ and RMB. Primary currencies utilized for transactions are NT$, US$, and JPY.

The Company mitigates exchange rate risks associated with estimated accounts payable resulting from anticipated purchases by primarily using forward foreign exchange contracts that mature within one year from the reporting date.

In the case of short-term imbalances for other foreign currency-denominated monetary assets and liabilities, the Company may promptly engage in foreign currency purchases or sales at the prevailing exchange rates to maintain an acceptable level of net exposure.

(2) Interest rate risk

The Company is exposed to cash flow risk due to the borrowing of funds by individual entities at floating interest rates.

(XXV) Capital management

The Company's capital management objective is to ensure the operational continuity, providing ongoing remuneration to shareholders and benefits to other stakeholders, and maintain an optimal capital structure to minimize the cost of capital. In order to maintain or adjust the capital structure, the Company has the option to make adjustments to dividends paid to shareholders.

As part of business operations, the Company acquires working capital through bank financing, enhances operational funds by managing inventory and accounts receivable, and regularly reviews the asset-liability ratio to monitor its capital structure. This ratio is calculated by dividing net liabilities by the total capital. Net liabilities refer to the total amount of liabilities listed in the balance sheet, excluding cash and cash equivalents. Total capital is the sum of all components of equity (i.e., capital stock, capital surplus, retained earnings and other equity) plus net liabilities.

The debt-to-capital ratios of the Company as of December 31, 2023 and December 31, 2022:

	12.31.2023	12.31.2022
Total liabilities	$ 903,441	1,362,682
Deduction: Cash and cash equivalents	(153,294)	(143,267)
Net debt	$ 750,147	1,219,415
Total equity	$ 2,983,868	2,439,528
Debt ratio	20%	33%

(XXVI) Non-cash transactions in investment and financing activities

The Company's non-cash transaction investment and financing activities for 2023 and 2022:

1. For assets with right of use acquired under leases, please refer to Note 6 (VIII).
2. For details regarding the conversion of convertible corporate bonds into common stock, please refer to Note 6 (XII).

(XXVII) Changes in liabilities from financing activities

Adjustment of liabilities from financing activities:

			Non-cash Transactions		
	1.1.2023	Cash Flow	New Lease	Conversion Rights	12.31.2023
Short-term loans	$ 410,000	(410,000)	-	-	-
Lease liabilities	3,295	(1,148)	1,309	-	3,456
Total liabilities from financing activities	$ 413,295	(411,148)	1,309	-	3,456

			Non-cash Transactions			
	1.1.2022	Cash Flow	New Lease	Interest Expenses	Conversion Rights	12.31.2022
Short-term loans	$ 400,000	10,000	-	-	-	410,000
Lease liabilities	7,032	(4,915)	1,178	-	-	3,295
Corporate bonds payable	45,110	(700)	-	200	(44,610)	-

	1.1.2022	Cash Flow	Non-cash Transactions: New Lease	Non-cash Transactions: Interest Expenses	Non-cash Transactions: Conversion Rights	12.31.2022
Guarantee deposits received	100	(100)	-	-	-	-
Total liabilities from financing activities	$ 452,242	4,285	1,178	200	(44,610)	413,295

VII. Related Party Transactions

(I) The parent company and the ultimate controller are different entities, one of them has prepared Consolidated Financial Statements for public dissemination.

Hi-Clearance Investment Inc. holds 14.64% of the Company's outstanding common shares. While the shareholding does not exceed 50%, it gained control over the financial and operational aspects of the Company on June 2, 2016, and is regarded as the parent company. Collins Co., Ltd. is the ultimate controlling entity of the Company's affiliated Group. Collins Co., Ltd. has prepared Consolidated Financial Statements for public dissemination.

(II) Names and relations of related parties

Subsidiaries of the Company and other related parties that had transactions with the Company during the period covered in the Parent Company Only Financial Statements.

Related Party	Relationship with the Company
Collins Co., Ltd.	Ultimate controller of the Group to which the Company belongs
QSC Corp.	Associate of the Company
WS Far IR Medical Technology Co., Ltd	Associate of the Company
Renalysis Medical Care Co., Ltd.	Subsidiary of the Company
Sin Hwa Co., Ltd.	Subsidiary of the Company
Sin Hwa Investment Co., Ltd.	Subsidiary of the Company
XinFu Healthcare Corp.	Subsidiary of the Company
HC Healthcare Co., Ltd.	Subsidiary of the Company
Succeed Agents Limited(referred to as "SA")	Subsidiary of the Company
Moral Well Co., Ltd. (referred to as "MW")	Subsidiary of the Company
Taicha Medical Corp. (Shanghai)	Subsidiary of the Company
PT Hiclearance Medical Indonesia (referred to as "HMI company")	Subsidiary of the Company
Yi Sheng Medical Care Co., Ltd.	Substantive related party of the Company
Xing Tian Medical Care Co., Ltd.	Substantive related party of the Company

(III) Significant transactions with related parties

1. Operating revenue

Significant sales to related parties and their outstanding balances:

	Sales		Receivables from Related Parties	
	2023	**2022**	**12.31.2023**	**12.31.2022**
Parent company	$ -	10	-	-
Subsidiary	38,949	26,594	20,250	7,399
Substantive related party: Yi Sheng Medical Care Co., Ltd.	325,256	344,148	72,017	99,947
Substantive related parties	35,949	42,166	13,063	14,559
	$ 400,154	412,918	105,330	121,905

Prices of goods sold to related parties and terms of payment are not significantly different from those of normal sales.

Prices of goods sold to related parties are based on mutual agreement, and terms of payment are not significantly different from those of normal sales. Commission is paid based on the sales amount. Commission amounts for 2023 and 2022 were NT$11,845 thousand and NT$23,351 thousand, respectively. As of December 31, 2023 and 2022, there are still outstanding amounts of NT$4,665 thousand and NT$11,412 thousand, respectively, which are recorded under "Other Payables - Related Parties".

2. Purchases

Purchases of the Company from related parties and their outstanding balances:

	Purchases		Payables to Related Parties	
	2023	**2022**	**12.31.2023**	**12.31.2022**
Subsidiary	$ 3,871	2,956	165	-
Associate	5,105	2,915	2,282	1,280
	$ 8,976	5,871	2,447	1,280

The Company acquired the products from related parties without comparing the specifications with other suppliers, leading to a lack of price comparison. The payment terms, which also extend to payments to non-related parties, are set at net 30-120 days.

3. Leases

(1) Rental income from related parties (classified under "Other income") and its outstanding balance:

		Rental Income		Receivables from Related Parties	
		2023	2022	12.31.2023	12.31.2022
Subsidiary					
Renalysis Medical Care Co., Ltd.	$	2,253	2,253	-	-
Sin Hwa Co., Ltd		57	2,131	-	-
Others		403	403	-	-
Associate		57	57	-	-
	$	2,770	4,844	-	-

4. Commission and labor expenses

Commissions, personnel support services and management consulting services paid to related parties (recorded under “Operating expenses”) and outstanding balances:

		Transaction Amount		Other Payables to Related Parties	
		2023	2022	12.31.2023	12.31.2022
Parent company	$	10,000	10,500	10,000	10,500
Subsidiary		1,756	211	501	222
	$	11,756	10,711	10,501	10,722

The Company’s parent company provides management consulting services and issues invoice for the rendered services.

Subsidiaries provide personnel support services and charge labor expenses to the Company.

The Company conducts referral transactions through its subsidiaries and provides commissions in exchange, prices and payment terms offered to the subsidiaries are comparable to those offered to other vendors.

5. Other income

Amount and uncollected balance for management services and technology management consulting services provided to related parties (recorded under “Other income”):

	Transaction Amount		Other Receivables from Related Parties	
	2023	2022	12.31.2023	12.31.2022
Subsidiary				
Renalysis Medical Care Co., Ltd.	$ 180	180	16	16
Sin Hwa Co., Ltd	300	180	315	189
	$ 480	360	331	205

6. Endorsement/Guarantee

The Company's endorsements/guarantees on behalf of related parties:

	12.31.2023	12.31.2022
Subsidiary: Sin Hwa Co., Ltd	$ 50,000	50,000
Subsidiary: HC-Healthcare Co., Ltd.	120,000	120,000
	$ 170,000	170,000

(IV) Major management personnel transactions

	2023	2022
Short-term employee benefits	$ 44,948	40,022
Share-based payment	1,202	-
	$ 46,150	40,022

VIII. Pledged Assets

(I) Carrying values of assets pledged by the Company:

Asset Name	Collateral Pledged	12.31.2023	12.31.2022
Restricted bank deposits (listed under Other Financial Assets - Current)	Performance guarantee/letter of credit limit	$ 2,647	6,265
Land	Letter of credit limit/bank loan limit	107,873	107,873
Building and construction	Letter of credit limit/bank loan limit	52,134	53,719
		$ 162,654	167,857

(II) As of December 31, 2023 and 2022, the Company has opened forward letters of credit amounting to NT$459,066 thousand and NT$454,853 thousand, respectively, and has used bills for collection deposited in banks in the amounts of NT$220,652 thousand and NT$205,627 thousand, respectively, as collateral for 10-20% of the forward letters of credit.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

	12.31.2023	12.31.2022
Unused balance of issued letters of credit	$ 213,055	171,703
Unrecognized contractual commitments for acquisition of property, plant and equipment	$ 1,250	13,976

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date

In order to integrate the product supply chain, the Board of Directors resolved on January 22, 2023 to participate in a cash capital increase of NT$45,000 thousand at an issue price of NT$32 per share to acquire 5.07% equity interest in EPED Inc.

XII. Others

Employee benefits and depreciation expenses by function:

Functions / Characteristics	2023			2022		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	38,844	306,575	345,419	41,339	283,318	324,657
Labor and health insurance	3,633	22,764	26,397	3,642	20,762	24,404
Pension expenses	1,926	11,518	13,444	3,728	8,849	12,577
Remuneration paid to Directors	-	15,264	15,264	-	13,610	13,610
Other employee benefits	1,137	7,123	8,260	1,189	6,408	7,597
Depreciation expenses	22,415	19,197	41,612	22,700	15,182	37,882
Amortization expenses	-	2,381	2,381	-	-	-

Additional information on the number of employees and employee benefit expenses for 2023 and 2022:

	2023	2022
Number of employees	288	278
Number of directors who are not employees	9	9
Average employee benefits	$ 1,410	1,373
Average employee salary expenses	$ 1,238	1,207
Adjustment of average employee salary expenses	2.57%	-
Supervisor remuneration	$ -	1,978

Details regarding the Company's remuneration policy, which applies to Directors, Supervisors, Executives, and employees:

The Company establishes policies, standards, and procedures for remuneration payment, primarily in accordance with personnel regulations. Remuneration for Directors and Supervisors includes compensation for Independent Directors, remuneration from profit distribution, and transportation expenses. Independent Directors receive a fixed annual remuneration. In accordance with the Company's Articles of Incorporation, no more than 3% of the Company's annual earnings, if any, shall be set aside as remuneration to the Directors and Supervisors, and shall be submitted to the Board of Directors for resolution and reported in the shareholders' meeting; Independent Directors do not participate in the distribution of earnings. Travel expenses are paid based on industry standards, depending on attendance at Board meetings and circumstances of functional committees under the Board of Directors. Remuneration for managerial officers is determined in accordance with the Company's personnel regulations, considering factors such as the scope of responsibilities, individual performance, educational qualifications, and industry salary levels for similar positions. Employee compensation policies include a monthly salary, holiday bonuses, year-end bonuses, sales bonuses, and performance bonuses. The distribution of employee bonuses is determined based on industry standards, overall operational performance and profitability of the Company, and the achievement rate of each division in meeting the Company's overall operational goals.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

The Company is required to disclose the following significant transaction information for 2023, in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

1. Loans provided for others: None.
2. Endorsements/guarantees provided for others:

Number	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for a Single Entity	Maximum Endorsement/ Guarantee Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statements	Endorsement/ Guarantee Ceiling	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements /Guarantees Provided by Subsidiary for Parent	Endorsements/ Guarantees Provided for Subsidiary in Mainland China
		Name of Company	Relationship										
0	The Company	Sin Hwa Co., Ltd.	2	1,491,934	50,000	50,000	-	Promissory note 50,000	1.68%	1,491,934	Y	N	N
0	The Company	HC-Healthcare Co., Ltd.	2	1,491,934	120,000	120,000	91,565	Promissory note 120,000	4.02%	1,491,934	Y	N	N

Note 1: The total endorsement/guarantee amount is limited to 50% of the net worth indicated in the Company's previous financial statements. The endorsement/guarantee amount to a single enterprise is limited to 50% of the net worth indicated in the previous period's financial statements.

Note 2: The relationships between endorsers/guarantors and endorsees/guarantees are categorized into the following 7 types. Please specify the type.

(1) Companies engaged in business transactions.

(2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.

(4) A company in which the Company directly or indirectly holds at least 90% of the voting shares.

(5) Companies that are in the same industry that have mutual endorsements/guarantees in favor of each other, or those that enter in contracts with such provisions, for the purpose of

contracting works.

(6) A company that is endorsed/guaranteed by all of the contributing shareholders in proportion with their shareholding ratios due to a joint investment relationship.

(7) Companies in the same industry who participate in the joint guarantee of performance for pre-sale house sales contracts in compliance with the Consumer Protection Act.

3. Securities held at end of period (excluding investments in subsidiaries, associates, and interests in joint ventures):

Unit: thousand shares/thousand units

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares/Units	Carrying Amount	Shareholding Ratio	Fair Value	
Sin Hwa Investment Co., Ltd.	Fuh Hwa Emerging Market RMB Short-Term Income Fund	-	Financial assets at fair value through profit or loss - current	942	10,283	- %	10,283	
Sin Hwa Investment Co., Ltd.	SinoPac Global Multi Income Fund TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	10,411	- %	10,411	
XinFu Healthcare Corp.	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,264	31,272	- %	31,272	
The Company	Taiwan Depository & Clearing Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1	268	- %	268	
Taicha Medical Corp. (Shanghai)	Shanghai Shen Shang Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	6.20%	-	

4. Accumulated purchase or sale of the same securities amounting to NT$300 million or 20% of paid-in capital or more: None.

5. Acquisition of property amounting to NT$300 million or 20% of paid-in capital or more: None.

6. Disposal of property amounting to NT$300 million or 20% of paid-in capital or more: None.

7. Purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousand

Importing(Selling) Company	Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable(Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Notes and Accounts Receivable (Payable)	
The Company	Yi Sheng Medical Care Co., Ltd.	Substantive related party of the Company	Sales	325,256	(9.48)%	Net 90 EOM	-	-	72,017	6.71%	

8. Receivables from related parties amounting to NT$100 million or 20% of paid-up capital or more: None.

9. Derivatives transactions: Please refer to Note 6 (II).

(II) Information on Invested Companies

Details regarding the Company's investments in 2023 (excluding investments in Mainland China):

Notes to the Parent Company Only Financial Statements of Hi-Clearance Inc. (Cont.)

Unit: NT$ thousand/thousand shares

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount: Ending Balance for the Current Period	Initial Investment Amount: End of Previous Year	Ending Balance: Shares	Ending Balance: Shareholding	Ending Balance: Carrying Amount	Profit (Loss) of Investee for the Period	Investment Profit/Loss Recognized	Remark
The Company	Succeed Agents Limited (B.V.I.)	British Virgin Islands.	Financial holding and investment	11,918	11,918	375	100.00%	84,521	(330)	(330)	Subsidiary
The Company	Renalysis Medical Care Co., Ltd.	Sanchong District, New Taipei City	Medical management consulting services	165,037	165,307	10,000	100.00%	265,780	64,782	64,782	Subsidiary
The Company	XinFu Healthcare Corp.	Sanchong District, New Taipei City	Medical management consulting services	50,000	50,000	5,000	100.00%	53,772	2,266	2,266	Subsidiary
The Company	Sin Hwa Co., Ltd.	Sanchong District, New Taipei City	Medical equipment trade	100,000	100,000	10,000	100.00%	115,359	11,994	11,994	Subsidiary
The Company	Sin Hwa Investment Co., Ltd.	Sanchong District, New Taipei City	Financial holding and investment	80,000	80,000	8,000	100.00%	77,697	6,667	6,667	Subsidiary
The Company	HC-Healthcare Co., Ltd.	Sanchong District, New Taipei City	Medical management consulting services	118,919	118,919	36,517	100.00%	135,397	1,572	2,163	Subsidiary
The Company	WS Far IR Medical Technology Co., Ltd	Xindian District, New Taipei City	Medical equipment and devices manufacturing	63,600	63,600	600	30.00%	62,756	15,830	4,749	Associate
Sin Hwa Investment Co., Ltd.	QSC Corp.	Sanchong District, New Taipei City	Medical equipment manufacturing and sales	60,000	60,000	6,000	20.00%	53,634	29,385	5,877	Associate
Succeed Agents Limited (B.V.I.)	Moral Well Co.,Ltd.	Apia Samoa	Financial holding and investment	58,973	58,973	2,000	100.00%	31,563	2,390	2,390	Sub-subsidiary
Succeed Agents Limited (B.V.I.)	PT Hiclearance Indonesia	Republic of Indonesia	Medical equipment trade	23,694	23,694	800	100.00%	50,256	(2,757)	(2,757)	Sub-subsidiary

(III) Information on investments in Mainland China:

1. Information on investments in Mainland China:

Unit: US$ thousand/NT$ thousand/ RMB thousand

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period: Remitted	Amount of Investments Remitted or Repatriated for the Period: Repatriated	Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership	Investment Profit/Loss Recognized	End-of-period investment book value	Accumulated Investment Income Repatriated at End of Period
Taicha Medical Corp. (Shanghai)	International trade and re-export trade	61,410 (USD2,000) (Note 3)	(III)	20,785 (USD700)	-	-	20,785 (USD 700)	2,390 (USD 77)	100.00%	2,390 (USD 77) (Note 2)	31,554 (USD 1,028)	-
Shanghai Shen Shang Technology Co., Ltd. (Note 4)	Medical software development and technical services	17,455 (RMB4,034)	(III)	-	-	-	-	-	6.20%	-	-	-

Notes 1: Methods of investments are divided into the following three types:

(I) Direct investment in Mainland China.

(II) Reinvestment in Mainland China via a third-party company located in a different region.

(III) Other methods.

Notes 2: Investment gains and losses are recognized based on the financial statements audited by the parent company in Taiwan.

Notes 3: A portion of the investment funds comes from MW's own capital and was not transferred from Taiwan.

Notes 4: The investment amount was established by Taicha Medical Corp.'s own funds, not transferred from Taiwan, and full impairment was recorded in 2022.

2. Limit for investment to Mainland China:

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period (Note 1)	**Amount of Investments Authorized by Investment Commission, M.O.E.A. (Note 2)**	**Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.**
23,768 (US$800thousand)	64,481 (US$2,100thousand)	1,790,320

Note 1: Xing Tai International Trading (Shanghai) Co., Ltd. was sold in the first quarter of 2013, however, the payment has not yet been remitted to Taiwan. Therefore, the Company has accumulated a remittance amount of US$100 thousand, equivalent to NT$2,983 thousand, which still needs to be accounted for in line with regulations of the Investment Commission, MOEA.

Note 2: Accumulated amount of investments remitted from Taiwan to Mainland China at end of period was calculated based on historical exchange rates.

3. Information on significant transactions: None.

(IV) Information on major shareholders:

Unit: shares

Shareholding / Name of Major Shareholders	**Shares**	**Percentage of Ownership**
Hi-Clearance Investment Inc.	6,519,991	14.64%
LCL Capital Inc.	3,531,994	7.93%
Collins Co., Ltd.	2,385,536	5.35%

Note 1:

(1) The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial report may differ from the actual number of shares that have been issued and delivered by the Company without physical registration, as a result of different basis of preparation.

(2) If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

XIV. Division Information

Please consult the 2023 Consolidated Financial Statements.

Hi-Clearance Inc.
Cash and cash equivalents
December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount
Cash	Petty cash/revolving funds	$ 401
Bank deposits		
Check deposits		275
Demand deposits		139,794
Foreign currency deposits (Note)	JPY34,095 thousand; US$177 thousand	12,824
		152,893
Total		**$ 153,294**

(Note): Foreign currency deposits are converted based on the spot exchange rate as of 12/31/2023.

JPY:NT$ = 1:0.2171

US$:NT$ = 1:30.7050

Hi-Clearance Inc.

Notes Receivable (Current and Non-current)

December 31, 2023 **Unit: NT$ thousand**

Item	Current	Non-current	Total
Come Health Clinic	$ 14,676	-	14,676
Other categories (each comprising less than 5%)	198,574	7,401	205,975
Deduction: Unrealized interest income	-	(159)	(159)
Loss allowance	(2,171)	(74)	(2,245)
Total	**$ 211,079**	**7,168**	**218,247**

Note: Refer to Note 8 for information on the status of the pledge.

Accounts Receivable

Item	Amount
Other categories (each comprising less than 5%)	$ 764,510
Subtotal	764,510
Deduction: Loss allowance	(15,111)
Total	**$ 749,399**

Hi-Clearance Inc.

Finance Lease Receivables (Current and Non-current)

December 31, 2023 **Unit: NT$ thousand**

Item	Current	Non-current	Total
Saint Mary's Hospital Luodong	$ 3,119	22,455	25,574
Other categories (each comprising less than 5%)	41,591	87,835	129,426
Subtotal	44,710	110,290	155,000
Deduction: Unrealized interest income	(4,976)	(13,233)	(18,209)
Loss allowance	(397)	(971)	(1,368)
Total	$ 39,337	96,086	135,423

Statement of Other Financial Assets - Current

Item	Amount
Restricted bank deposits (Note)	$ 2,647

Note: Refer to note 8 for information on the status of the pledge.

Hi-Clearance Inc.
Statement of Inventories
December 31, 2023

Unit: NT$ thousand

Item	Summary	Cost	Market Value	Remark
Commodities	Inventories	$ 607,329	826,428	Net realizable value
Goods in transit	〃	35,744	35,744	〃
Deduction: Allowance for obsolete inventory		(13,687)		
Total		**$ 629,386**		

Hi-Clearance Inc.

Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2023

Unit: NT$ thousand/thousand shares

	Beginning Balance		Increase		Decrease				Ending Balance			
Item	Shares	Amount	Shares	Amount (Note 1)	Shares	Amount	Investment (Loss) Gain Recognized under Equity Method	Other (Note 2, 3, 4)	Shares	Percentage of Ownership	Amount	Guarantee or Pledge
Succeed Agents Limited (B.V.I)	375	$ 48,990	-	37,730	-	-	(330)	(1,869)	375	100.00%	84,521	None
Renalysis Medical Care Co., Ltd.	10,000	259,487	-	-	-	(58,465)	64,782	(24)	10,000	100.00%	265,780	〃
Sin Hwa Co., Ltd.	10,000	120,002	-	-	-	(16,637)	11,994	-	10,000	100.00%	115,359	〃
Sin Hwa Investment Co., Ltd.	8,000	71,699	-	-	-	-	6,667	(669)	8,000	100.00%	77,697	〃
XinFu Healthcare Corp.	5,000	53,362	-	-	-	(1,856)	2,266	-	5,000	100.00%	53,772	〃
HC-Healthcare Co., Ltd.	36,517	133,234	-	-	-	-	2,163	-	36,517	100.00%	135,397	〃
WS Far IR Medical Technology Co., Ltd	600	62,296	-	-	-	(4,289)	4,749	-	600	30.00%	62,756	〃
		$ 749,070		37,730		(81,247)	92,291	(2,562)			795,282	

Note 1: Capital increase amount of Succeed Agents Limited (B.V.I).

Note 2: Adjustments for foreign currency translation of Succeed Agents Limited (B.V.I).

Note 3: Reassessment number for the defined benefit plan of Renalysis Medical Care Co., Ltd.

Note 4: Sin Hwa Investment Co., Ltd. recognizes the fair value adjustment of its investee, QSC Corp., through other comprehensive income.

Hi-Clearance Inc.

Statement of Other Non-current Assets

December 31, 2023

Unit: NT$ thousand

Item	Amount
Refundable deposits	$ 41,920
Others	6,608
Total	**$ 48,528**

Statement of Notes Receivable

Item	Amount
Bioteque Corporation	$ 7,217
Other categories (each comprising less than 5%)	298
Total	**$ 7,515**

Hi-Clearance Inc.
Statement of Accounts Payable
December 31, 2023

Unit: NT$ thousand

Item	Amount
Toray Medical Co., Ltd	$ 125,481
Baxter International Inc.	96,466
Chi Sheng Chemical Corporation	80,419
Roche Products Ltd.	80,031
Sunder Biomedical Tech. Co., Ltd.	40,997
Astar Chemical & Phar Co., Ltd.	39,447
Other categories (each comprising less than 5%)	161,509
Total	**$ 624,350**

Statement of Other Payables

Item	Amount
Incentives payable	$ 107,141
Payment of employee and director remuneration	17,279
Others	39,513
Total	**$ 163,933**

Hi-Clearance Inc.

Statement of Operating Revenue

January 1 to December 31, 2023 **Unit: NT$ thousand**

Item	Quantity		Amount
Dialyzer and blood tubing	20,267,783	PCS	$ 1,322,140
Erythropoietin and liquid medications	11,542,805	vial/barrel	1,014,534
Hemodialysis machine, maintenance and repair	51,631	ET/PCS	212,079
Respiration and anesthesia	284,331	PCS	245,190
Lease income			49,002
Service revenue			12,606
Others (Note 1)	7,431,199	PCS	574,092
Net operating revenue			$ 3,429,643

Note 1: Additional categories include medical equipment and supplies, guide tube materials, and dental materials.

Statement of Operating Costs

Item	Amount
Beginning inventory	$ 756,900
Addition: Current period net purchases	2,442,822
Goods available for sale	3,199,722
Deduction: Closing inventory	(643,073)
Reclassification of maintenance costs	(15,947)
Reclassification to operating expenses	(1,769)
Reclassification of fixed assets	(31,962)
Subtotal	2,506,971
Addition: Inventory-related expenses	(50,072)
Labor costs	114,210
Operating costs	$ 2,571,109

Hi-Clearance Inc.
Statement of Selling and Marketing Expenses
January 1 to December 31, 2023

Unit: NT$ thousand

Item	Amount
Salaries	$ 186,511
Donations	23,821
Shipping expenses	20,880
Commission expenses	18,173
Other categories (each comprising less than 5%)	85,165
Total	$ 334,550

Statement of General and Administrative Expenses

Item	Amount
Salaries	$ 132,232
Labor costs	15,773
Expenses for directors and supervisors	15,264
Depreciation	13,443
Other categories (each comprising less than 5%)	45,897
Total	$ 222,609

For details regarding financial assets and liabilities at fair value through profit or loss, please refer to Note 6 (II) of the financial report.

For details regarding accounts receivable from related parties and accounts payable to related parties, please refer to Note 6 (IV) and Note 7.

For details regarding changes in property, plant and equipment and the accumulated depreciation, please refer to Note 6 (VII) of the financial report.

For details regarding changes in right-of-use assets and the accumulated depreciation, please refer to Note 6 (VIII) of the financial report.

For details regarding changes in investment property and the accumulated depreciation, please refer to Note 6 (IX) of the financial report.

For details regarding changes in intangible assets and the accumulated amortization, please refer to Note 6 (X) of the financial report.

For details regarding deferred income tax assets and liabilities, please refer to Note 6 (XVI) of the financial report.

For details regarding lease liabilities, please refer to Note 6 (XIII) of the financial report.

For details regarding other income, please refer to Note 6 (XXII) of the financial report.

For details regarding other gains and losses, please refer to Note 6 (XXII) of the financial report.

For details regarding finance costs, please refer to Note 6 (XXII) of the financial report.