

**Hi-Clearance Inc. and Subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Report**  
**For the Six Months Ended June 30, 2024 and 2023**

**Company Address: 8F.-2, No. 2, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist.,  
New Taipei City**  
**Telephone: (02)2995-3318**

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## Independent Auditors' Report

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

### Introduction

The consolidated balance sheets of Hi-Clearance Inc. and its subsidiaries as of June 30, 2024 and June 30, 2023, and the consolidated statements of comprehensive income for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, as well as the consolidated statements of changes in equity and consolidated cash flow statements for the periods from January 1 to June 30, 2024 and 2023, and the accompanying notes to the consolidated financial statements (including a summary of significant accounting policies), have been reviewed and completed. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as approved and published by the Financial Supervisory Commission, the management is responsible for preparing the interim financial statements in accordance with IAS 34, Interim Financial Reporting. The auditors are responsible for forming a conclusion on the consolidated financial statements based on the review results.

### Scope

In addition to the introductory paragraph that provides a summary of the conclusion, the auditor performed the review work in compliance with TWSRE2410 "Review of Financial Statements." The procedures conducted during the review of the consolidated financial statements involve making inquiries (mainly to personnel responsible for financial and accounting matters), performing analytical procedures, and conducting other review procedures. The scope of review work is clearly smaller than that of audit work, so the auditor may not be able to detect all significant matters that can be identified through an audit, and therefore cannot express an audit opinion.

### Basis for Retaining Conclusions

As described in Note 4 (II) to the consolidated financial statements, certain non-material subsidiaries included in the aforementioned consolidated financial reports are based on the unaudited financial statements of those investee companies for the same periods. As of June 30, 2024 and June 30, 2023, the total assets of these non-material subsidiaries were NT\$687,734 thousand and NT\$604,816 thousand, respectively, accounting for 13.74% and 13.36% of the consolidated total assets. Their total liabilities were NT\$284,159 thousand and NT\$256,467 thousand, respectively, accounting for 13.36% and 14.98% of the consolidated total liabilities. The comprehensive income for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023 was NT\$7,420 thousand, NT\$2,279 thousand, NT\$14,502 thousand, and NT\$9,421 thousand, respectively, accounting for 6.74%, 2.48%, 6.99%, and 5.31% of the consolidated comprehensive income.

Except for the items described in the previous paragraph, as noted in Note 6 (VI) to the consolidated financial statements, the investments in associates of Hi-Clearance Inc. and its subsidiaries, accounted for using the equity method, were NT\$120,340 thousand and NT\$112,430 thousand as of June 30, 2024 and June 30, 2023, respectively. For the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the share of profit or loss from associates accounted for using the equity method was NT\$3,877 thousand, NT\$1,348 thousand, NT\$8,224 thousand, and NT\$5,997 thousand, respectively. These amounts are based on the unaudited financial statements of the investee companies for the same periods.

## Retaining Conclusions

According to the results of our review, except for the potential adjustments that may affect the consolidated financial statements if the financial reports of the investee companies were audited, we have not found any instances where the consolidated financial statements do not comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting," as recognized and issued by the Financial Supervisory Commission, in all material respects. Therefore, the consolidated financial position of Hi-Clearance Inc. and its subsidiaries as of June 30, 2024 and June 30, 2023, and the consolidated financial performance for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, as well as the consolidated cash flows for the period from January 1 to June 30, 2024 and 2023, are fairly presented.

KPMG Taiwan

CPA:

Securities authorities approval document no.: Jin-Guan-Zheng-Shen-Zi No.  
: 1040003949  
Tai-Cai-Zheng-Liu-Zi No.0920122026  
August 2, 2024

**Hi-Clearance Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**June 30, 2024, December 31, 2023, and June 30, 2023**

Unit: NT\$ thousand

	2024.6.30		2023.12.31		2023.6.30			2024.6.30		2023.12.31		2023.6.30		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
<b>Assets</b>														
<b>Current assets:</b>														
1100 Cash and cash equivalents (Note 6 (I))	\$ 427,141	9	401,137	9	469,322	10	2100	\$ 317,987	6	91,565	2	81,565	2	
1110 Financial assets at fair value through profit or loss - current (Note 6 (II))	53,167	1	51,966	1	51,420	1	2120	-	-	240	-	-	-	
1150 Net amount of notes receivable (Notes 6 (IV), (XX) and Note 8)	193,007	4	229,978	5	176,663	4	2130	18,089	-	13,920	-	12,138	-	
1170 Net amount of accounts receivable (Notes 6 (IV), (XX))	1,042,131	21	919,622	20	912,027	20	2150	7,651	-	7,521	-	7,152	-	
1180 Net amount of accounts receivable - related parties (Notes 6 (IV), (XX) and Note 7)	71,570	1	85,080	2	104,282	2	2170	600,331	13	681,169	15	549,843	12	
1197 Net amount of financial leases receivable (Notes 6 (IV), (XX))	38,444	1	39,337	1	41,281	1	2180	2,293	-	2,282	-	1,873	-	
1200 Other receivables	14,434	-	1,341	-	24,218	1	2216	311,647	6	-	-	311,647	7	
1300 Inventory (Note 6 (V))	621,983	12	645,457	14	586,494	13	2219	154,667	3	184,597	4	143,195	3	
1410 Prepayments	31,380	1	69,183	1	36,719	1	2220	9,353	-	14,665	-	7,082	-	
1476 Other financial assets - current (Note 8)	57,261	1	58,895	1	50,402	1	2230	48,682	1	29,218	1	32,276	1	
1479 Other current assets - others	7,461	-	7,892	-	7,257	-	2280	77,290	2	71,364	2	66,349	2	
<b>Total current assets</b>	<b>2,557,979</b>	<b>51</b>	<b>2,509,888</b>	<b>54</b>	<b>2,460,085</b>	<b>54</b>	2300	20,091	-	26,516	1	15,778	-	
<b>Non-current assets:</b>								<b>Total current liabilities</b>	<b>1,568,081</b>	<b>31</b>	<b>1,123,057</b>	<b>25</b>	<b>1,228,898</b>	<b>27</b>
1517 Financial assets at fair value through other comprehensive income - non-current (Note 6 (III))	45,268	1	268	-	268	-	2527	<b>Non-current liabilities:</b>						
1550 Investments accounted for using the equity method (Note 6 (VI))	120,340	2	116,390	3	112,430	3	2540	Contract liabilities - non-current (Note 6 (XX))	24,027	-	18,713	-	16,887	1
1600 Property, plant, and equipment (Notes 6 (VII) and 8)	1,096,766	22	1,061,550	23	1,058,533	23	2550	Long-term loans (Note 6 (XII))	-	-	12,357	-	13,119	-
1755 Right-of-use assets (Note 6 (VIII))	579,050	12	519,455	11	488,157	11	2570	Deferred income tax liabilities	8,372	-	8,372	-	8,079	-
1760 Investment property (Note 6 (IX))	26,096	1	26,101	1	26,106	1	2580	Lease liabilities - non-current (Note 6 (XIII))	525,112	11	469,455	10	442,587	10
1780 Intangible assets (Note 6 (X))	180,699	3	188,979	4	195,770	4	2600	Other non-current liabilities	1,770	-	2,063	-	2,478	-
1840 Deferred income tax assets	4,917	-	4,917	-	14,699	-		<b>Total non-current liabilities</b>	<b>559,281</b>	<b>11</b>	<b>510,960</b>	<b>10</b>	<b>483,150</b>	<b>11</b>
1930 Long-term notes receivable (Notes 6 (IV), (XX) and Note 8)	7,858	-	7,168	-	5,908	-		<b>Total liabilities</b>	<b>2,127,362</b>	<b>42</b>	<b>1,634,017</b>	<b>35</b>	<b>1,712,048</b>	<b>38</b>
194D Net amount of long-term financial leases receivable (Notes 6 (IV), (XX))	93,481	2	96,086	2	95,968	2	3110	<b>Equity (Note XVII):</b>						
1990 Other non-current assets - others (Note 13 (I))	294,490	6	87,083	2	70,535	2	3200	Capital stock	445,210	9	445,210	10	445,210	10
<b>Total non-current assets</b>	<b>2,448,965</b>	<b>49</b>	<b>2,107,997</b>	<b>46</b>	<b>2,068,374</b>	<b>46</b>	3300	Capital surplus	1,601,988	32	1,601,988	35	1,601,960	35
							3400	Retained earnings	837,479	17	943,984	20	774,107	17
								Other equity	(5,095)	-	(7,314)	-	(4,866)	-
								<b>Total equity</b>	<b>2,879,582</b>	<b>58</b>	<b>2,983,868</b>	<b>65</b>	<b>2,816,411</b>	<b>62</b>
								<b>Total liabilities and equity</b>	<b>\$ 5,006,944</b>	<b>100</b>	<b>4,617,885</b>	<b>100</b>	<b>4,528,459</b>	<b>100</b>
<b>Total assets</b>	<b>\$ 5,006,944</b>	<b>100</b>	<b>4,617,885</b>	<b>100</b>	<b>4,528,459</b>	<b>100</b>								

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

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

**Hi-Clearance Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**April 1 to June 30, 2024, and 2023, and January 1 to June 30, 2024, and 2023**

Unit: NT\$ thousand

	April to June 2024		April to June 2023		January to June 2024		January to June 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Notes 6 (XIII), (XX) and Note 7) \$	1,096,986	100	956,200	100	2,061,829	100	1,929,179	100
5000 Operating costs (Notes 6 (V), (XV), Note 7, and Note 12)	801,425	73	699,554	73	1,508,375	73	1,425,920	74
<b>Gross profit</b>	<b>295,561</b>	<b>27</b>	<b>256,646</b>	<b>27</b>	<b>553,454</b>	<b>27</b>	<b>503,259</b>	<b>26</b>
<b>Operating expenses (Notes 6 (IV), (XV), Note 7, and Note 12):</b>								
6100 Selling and marketing expenses	102,705	9	81,629	9	189,454	9	164,673	9
6200 General and administrative expenses	72,750	7	76,358	8	138,666	7	138,988	7
6450 Expected credit losses (or reversal)	(93)	-	3,919	-	(431)	-	5,367	-
<b>Total operating expenses</b>	<b>175,362</b>	<b>16</b>	<b>161,906</b>	<b>17</b>	<b>327,689</b>	<b>16</b>	<b>309,028</b>	<b>16</b>
<b>Net operating income</b>	<b>120,199</b>	<b>11</b>	<b>94,740</b>	<b>10</b>	<b>225,765</b>	<b>11</b>	<b>194,231</b>	<b>10</b>
<b>Non-operating income and expenses:</b>								
7100 Interest income (Note 6 (XXII))	2,925	-	3,812	-	5,008	-	6,047	-
7010 Other income (Note 6 (XXII) and Note 7)	4,999	-	2,071	-	10,551	1	3,636	-
7020 Other gains and losses (Note 6 (XXII))	6,003	1	4,710	1	9,662	-	7,261	-
7050 Financial costs (Notes (XIII) and (XXII))	(2,853)	-	(3,558)	-	(5,360)	-	(7,448)	-
7060 Share of profit or loss of affiliates and joint ventures accounted for using the equity method (Note 6 (VI))	3,877	-	1,348	-	8,224	-	5,997	-
<b>Total non-operating income and expenses</b>	<b>14,951</b>	<b>1</b>	<b>8,383</b>	<b>1</b>	<b>28,085</b>	<b>1</b>	<b>15,493</b>	<b>-</b>
7900 <b>Income before tax</b>	<b>135,150</b>	<b>12</b>	<b>103,123</b>	<b>11</b>	<b>253,850</b>	<b>12</b>	<b>209,724</b>	<b>10</b>
7950 <b>Deduction: Income tax expenses (Note 6 (XVI))</b>	<b>26,111</b>	<b>2</b>	<b>10,895</b>	<b>1</b>	<b>48,708</b>	<b>2</b>	<b>32,198</b>	<b>2</b>
<b>Net income for the period</b>	<b>109,039</b>	<b>10</b>	<b>92,228</b>	<b>10</b>	<b>205,142</b>	<b>10</b>	<b>177,526</b>	<b>8</b>
8300 <b>Other comprehensive income:</b>								
8360 <b>Components that may be reclassified to profit or loss</b>								
8361 Exchange differences on translation of financial statements of foreign operations	1,012	-	(338)	-	2,219	-	(90)	-
<b>Total components that may be reclassified to profit or loss</b>	<b>1,012</b>	<b>-</b>	<b>(338)</b>	<b>-</b>	<b>2,219</b>	<b>-</b>	<b>(90)</b>	<b>-</b>
8300 <b>Other comprehensive income (net after tax)</b>	<b>1,012</b>	<b>-</b>	<b>(338)</b>	<b>-</b>	<b>2,219</b>	<b>-</b>	<b>(90)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>\$ 110,051</b>	<b>10</b>	<b>91,890</b>	<b>10</b>	<b>207,361</b>	<b>10</b>	<b>177,436</b>	<b>8</b>
<b>Earnings per share (NT\$) (Note 6 (XIX))</b>								
9750 <b>Basic earnings per share (NT\$)</b>	<b>\$ 2.45</b>		<b>2.08</b>		<b>4.61</b>		<b>4.19</b>	
9850 <b>Diluted earnings per share (NT\$)</b>	<b>\$ 2.45</b>		<b>2.08</b>		<b>4.60</b>		<b>4.17</b>	

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

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

**Hi-Clearance Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to June 30, 2024, and 2023**

Unit: NT\$ thousand

	Retained Earnings					Other Equity Items			Total Equity
	Capital Stock - Common Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Financial Statements of Foreign Operations	Others	
<b>Balance as of January 1, 2023</b>	\$ 405,210	1,130,866	362,933	5,569	539,726	908,228	(4,776)	-	2,439,528
Appropriation and distribution of earnings:									
Appropriation of legal reserve	-	-	37,389	-	(37,389)	-	-	-	-
Reversal of special reserve	-	-	-	(793)	793	-	-	-	-
Cash dividends of common shares	-	-	-	-	(311,647)	(311,647)	-	-	(311,647)
Net income for the period	-	-	-	-	177,526	177,526	-	-	177,526
Other comprehensive income for the period	-	-	-	-	-	-	(90)	-	(90)
Total comprehensive income for the period	-	-	-	-	177,526	177,526	(90)	-	177,436
Cash capital increase	40,000	458,750	-	-	-	-	-	-	498,750
Share-based payment transactions	-	12,344	-	-	-	-	-	-	12,344
<b>Balance as of June 30, 2023</b>	<b>\$ 445,210</b>	<b>1,601,960</b>	<b>400,322</b>	<b>4,776</b>	<b>369,009</b>	<b>774,107</b>	<b>(4,866)</b>	<b>-</b>	<b>2,816,411</b>
<b>Balance as of January 1, 2024</b>	\$ 445,210	1,601,988	400,322	4,776	538,886	943,984	(6,645)	(669)	2,983,868
Appropriation and distribution of earnings:									
Appropriation of legal reserve	-	-	34,740	-	(34,740)	-	-	-	-
Appropriation of special reserve	-	-	-	1,869	(1,869)	-	-	-	-
Cash dividends of common shares	-	-	-	-	(311,647)	(311,647)	-	-	(311,647)
Net income for the period	-	-	-	-	205,142	205,142	-	-	205,142
Other comprehensive income for the period	-	-	-	-	-	-	2,219	-	2,219
Total comprehensive income for the period	-	-	-	-	205,142	205,142	2,219	-	207,361
<b>Balance as of June 30, 2024</b>	<b>\$ 445,210</b>	<b>1,601,988</b>	<b>435,062</b>	<b>6,645</b>	<b>395,772</b>	<b>837,479</b>	<b>(4,426)</b>	<b>(669)</b>	<b>2,879,582</b>

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

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

**Hi-Clearance Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**January 1 to June 30, 2024, and 2023**

Unit: NT\$ thousand

	January to June 2024	January to June 2023
<b>Cash flows from operating activities:</b>		
Income before tax for the period	\$ 253,850	209,724
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	79,618	75,003
Amortization expenses	8,280	6,792
Expected credit (or reversal) losses	(431)	5,367
Net gain on financial assets and liabilities at fair value through profit or loss	(2,343)	(290)
Interest expenses	5,360	7,448
Interest income	(5,008)	(6,047)
Share-based remuneration cost	-	12,344
Share of profit of associates and joint ventures accounted for using the equity method	(8,224)	(5,997)
Gain on disposal of property, plant, and equipment	(1,094)	(460)
Gains on lease modifications	(449)	-
Total adjustments to reconcile profit (loss)	75,709	94,160
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	921	68
Decrease in notes receivable	36,602	35,705
Increase in accounts receivable and financial leases	(118,923)	(60,214)
Decrease in accounts receivable - related parties	13,510	10,224
Increase in other receivables	(13,093)	(18,093)
Decrease (increase) in inventory	(7,471)	131,943
Decrease in prepayments	37,803	2,417
Decrease (increase) in other current assets	431	(2,721)
Decrease (increase) in other financial assets	1,634	(8,137)
Increase in other operating assets	(7,552)	(403)
Total net changes in assets related to operating activities	(56,138)	90,789
Decrease in financial liabilities at fair value through profit or loss	(19)	(489)
Increase in contractual liabilities	9,483	2,786
Increase (decrease) in notes payable	130	(473)
Decrease in accounts payable	(80,838)	(149,945)
Increase in payables to related parties	11	561
Decrease in other payables	(29,930)	(52,873)
Decrease in other payables - related parties	(5,312)	(14,830)
Decrease in other current liabilities	(6,425)	(265)
Decrease in net defined benefit liabilities	(133)	(4,800)
Total net changes in liabilities related to operating activities	(113,033)	(220,328)
Total net changes in assets and liabilities related to operating activities	(169,171)	(129,539)
Total adjustment items	(93,462)	(35,379)
Cash inflows from operations	160,388	174,345
Interest received	5,008	6,047
Interest paid	(5,360)	(7,448)
Income tax paid	(29,244)	(52,600)
<b>Net cash inflow from operating activities</b>	<b>130,792</b>	<b>120,344</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(45,000)	-
Acquisition of property, plant, and equipment	(26,454)	(17,373)
Disposal of property, plant, and equipment	2,566	729
Increase in refundable deposits	(34,740)	(20,428)
Decrease in refundable deposits	26,107	18,248
Intangible asset acquisition	-	(2,381)
Increase in prepayments for equipment and land	(211,355)	(8,221)
Dividends received from associates	4,274	4,289
<b>Net cash outflow from investing activities</b>	<b>(284,602)</b>	<b>(25,137)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	680,000	860,000
Decrease in short-term loans	(453,578)	(1,273,767)
Repayments of long-term loans	(12,651)	-
Increase in guarantee deposits received	6,054	-
Decrease in guarantee deposits received	(6,214)	-
Lease principal payment	(36,047)	(35,212)
Cash capital increase	-	498,750
<b>Net cash inflow from financing activities</b>	<b>177,564</b>	<b>49,771</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,250	124
<b>Increase in cash and cash equivalents during the period</b>	<b>26,004</b>	<b>145,102</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>401,137</b>	<b>324,220</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 427,141</b>	<b>469,322</b>

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

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan



**Hi-Clearance Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2024 and 2023**  
**(Unless otherwise specified, all amounts are in NTS 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.) Primary business activities of the Company and its subsidiaries (the Consolidated Companies) involve trading medical equipment, biochemical reagents, and Western medicine, as well as providing medical management consulting services.

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

The Consolidated Financial Statements have been approved for release by the Board of Directors on August 2, 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, 2024, the Consolidated Companies have been implementing the newly revised International Financial Reporting Standards (IFRSs), which has not significantly impacted the Consolidated 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"

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

The Consolidated Companies assessed that the application of the following newly revised IFRSs, effective January 1, 2025, would not have a material impact on the Consolidated Financial Statements.

- Amendments to IAS 21 "Lack of Exchangeability"

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

The International Accounting Standards Board has issued and revised standards and interpretations that have not yet been approved by the Financial Supervisory Commission. The following are the ones that may be relevant to the Consolidated Companies:

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

New or Amended Standards	Main Content for Amendments	Effective Date of Issuance by the IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standards introduce three categories of income and expenses, two subtotals on the income statement, and a single note regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosure in Financial Statements"	<ul style="list-style-type: none"> <li data-bbox="678 842 1236 1308">• A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new standards have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities.</li> <li data-bbox="678 1330 1236 1733">• Management Performance Measures (MPM): The new criteria introduce the concept of management performance measures. Companies are now required to provide an explanation, in a single note in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards and accounting principles.</li> <li data-bbox="678 1756 1236 2049">• More detailed information: The new standards provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further detailed in the notes.</li> </ul>	January 1, 2027

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

The Consolidated Companies is currently assessing the effects of the aforementioned criteria and interpretations on its financial condition and operating results. The relevant findings will be disclosed once the evaluation is complete.

The Consolidated Companies do 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 Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments"
- Annual improvements to IFRS

### IV. Summary of Significant Accounting Policies

Significant accounting policies adopted in the Consolidated Financial Statements: Unless stated otherwise, the following accounting policies have been applicable for all reporting periods of this Consolidated Financial Statements.

#### (I) Compliance declaration

The Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The Consolidated Financial Statements do not include all the necessary information that should be disclosed in the full annual Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Announcements (hereinafter referred to as the "FSC-endorsed International Financial Reporting and Accounting Standards") approved and issued by the FSC and in effect.

Except as described below, the significant accounting policies adopted in the Consolidated Financial Statements are the same as those in the Consolidated Financial Statements for the year 2023. For further details, please see Note 4 of the Consolidated Financial Statements for the year 2023.

#### (II) Basis of consolidation

##### 1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the Consolidated Financial Statements:

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Shareholding			Description
			2024.6.30	2023.12.31	2023.6.30	
The Company	Succeed Agents Limited (B.V.I.) (referred to as "SA company")	Financial holding and investment	100.00%	100.00%	100.00%	Note 1
The Company	Renalysis Medical Care Co., Ltd.	Medical management consulting services	100.00%	100.00%	100.00%	

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Shareholding			Description
			2024.6.30	2023.12.31	2023.6.30	
The Company	XinFu Healthcare Corp.	Medical management consulting services	100.00%	100.00%	100.00%	Note 1
The Company	Sin Hwa Co., Ltd.	Medical equipment trade	100.00%	100.00%	100.00%	Note 1
The Company	Sin Hwa Investment Co., Ltd.	Financial holding and investment	100.00%	100.00%	100.00%	Note 1
The Company	HC Healthcare Co., Ltd.	Medical management consulting services	100.00%	100.00%	100.00%	Note 1
SA company	PT Hiclearance Medical Indonesia (referred to as "HMI company")	Medical equipment trade	100.00%	100.00%	100.00%	Note 1
SA company	Moral Well Co., Ltd. (referred to as "MW company")	Financial holding and investment	100.00%	100.00%	100.00%	Note 1
MW company	Taicha Medical Corp. (Shanghai)	International trade and re-export trade	100.00%	100.00%	100.00%	Note 1

Note 1: Subsidiaries of little importance and the financial statements have not been audited by the CPA.

2. Subsidiaries not included in the Consolidated Financial Statements: None.

(III) 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 of the Consolidated Companies.

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 realized within twelve months of the reporting period; or
4. The asset is cash or cash equivalents (as defined in IAS 7) unless there are 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 of the Consolidated Companies.

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. During the reporting period, there is no obligation to postpone the repayment of the debt for a minimum of twelve months following the end of the reporting period.

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### (IV) Income tax

The Consolidated Companies comply with IAS 34, "Interim Financial Reporting," paragraph B12. This standard specifies the measurement and disclosure of income tax expenses for the interim period.

The income tax expense is calculated by multiplying the net profit before tax for the reporting period by the management's best estimate of the effective tax rate for the full year. The current income tax expense and deferred income tax expense are then allocated based on the proportion of the estimated full-year current income tax expense and deferred income tax expense.

Income tax expenses that are recognized in equity items or other comprehensive income items are measured based on the temporary differences between the carrying amounts of the related assets and liabilities for financial reporting purposes and their tax bases. This measurement is done using the applicable tax rates that are expected to be realized or settled upon.

### (V) Employee benefits

During the midterm period, the defined benefit plans are based on the actuarial retirement cost rate as of the reporting date of the previous year. The calculation covers the period from the beginning of the year to the end of the current period, and adjustments are made for significant market fluctuations, substantial reductions, liquidations, or other significant one-time events that occur after the reporting date.

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

When preparing the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IAS 34 "Interim Financial Reporting" approved by the FSC, 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.

When preparing the Consolidated Financial Statements, management made significant judgments and estimates regarding uncertainties in adopting the accounting policies of the Consolidated Companies, in accordance with Note 5 of the Consolidated Financial Statements for the year 2023.

## VI. Details of Significant Accounts

Except as described below, there are no significant differences in the descriptions of the major accounting items in this Consolidated Financial Statement compared to the report in 2023. For related information, please refer to Note 6 of the 2023 Consolidated Financial Statement.

### (I) Cash and cash equivalents

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Cash on hand	\$ 427	481	455
Demand deposits	365,514	311,156	374,859
Time deposits	61,200	89,500	94,008
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 427,141</u>	<u>401,137</u>	<u>469,322</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

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

1. Details are as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate - fund	\$ <u>53,167</u>	<u>51,966</u>	<u>51,420</u>
	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial liabilities held for trading:			
Forward foreign exchange contracts	\$ <u>-</u>	<u>240</u>	<u>-</u>

2. Non-hedging derivative instruments

Derivative financial instrument transactions are undertaken to mitigate the exchange rate risk associated with business activities. The following is a detailed list of derivative instruments classified as financial assets measured at fair value through profit or loss and financial liabilities held for trading, which were not accounted for as hedging instruments by the Consolidated Companies:

	<u>2023.12.31</u>		
	<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>
Derivative financial liabilities:			
Forward foreign exchange contracts	USD610	NTD to USD	2024.01.08~2024.02.15

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Domestic unlisted (over-the-counter) stocks - Taiwan Depository & Clearing Corporation	\$ 268	268	268
Domestic unlisted (over-the-counter) stocks - EPED Inc.	45,000	-	-
Total	<u>\$ 45,268</u>	<u>268</u>	<u>268</u>

1. The Consolidated Companies hold 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.

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

2. From January 1 to June 30, 2024, and 2023, the Consolidated Companies 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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Notes receivable	\$ 195,920	233,218	179,671
Long-term notes receivable	7,938	7,242	5,969
Accounts receivable	1,061,330	938,874	928,244
Receivables from related parties	71,570	85,080	104,282
Finance lease receivables	38,832	39,734	41,698
Long-term finance lease receivables	94,426	97,057	96,937
Overdue receivables	4,217	4,217	4,217
Deduction: Loss allowance	(27,742)	(28,151)	(24,889)
Net amount	<u>\$ 1,446,491</u>	<u>1,377,271</u>	<u>1,336,129</u>

For details regarding the Consolidated Companies' bills for collection deposited in banks in the amounts of NT\$187,438 thousand, NT\$220,652 thousand, and NT\$169,329 thousand, respectively, as collateral for 10-20% of the forward letters of credit as of June 30, 2024, December 31, 2023, and June 30, 2023, please refer to Note 8.

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Under 1 year	\$ 43,809	44,710	47,105
1-2 year(s)	29,363	28,383	31,971
2-3 years	21,902	19,196	17,759
3-4 years	15,245	12,414	12,045
4-5 years	8,780	9,598	8,598
Over 5 years	31,693	40,699	39,858
Total lease investment	150,792	155,000	157,336
Unearned financing income	(17,534)	(18,209)	(18,701)
Present value of lease payments receivable	133,258	136,791	138,635
Deduction: Loss allowance	(1,333)	(1,368)	(1,386)
Net amount	<u>\$ 131,925</u>	<u>135,423</u>	<u>137,249</u>

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Overdue receivables	\$ 4,217	4,217	4,217
Deduction: Loss allowance	(4,217)	(4,217)	(4,217)
	<u>\$ -</u>	<u>-</u>	<u>-</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

The Consolidated Companies estimate expected credit losses for all receivables, accounts receivable, finance lease receivables, and collection items 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 consolidated accounts receivable, notes receivable, finance leases receivable, and collections:

<b>2024.6.30</b>			
	<b>Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance for Expected Credit Losses During the Period</b>
Not overdue	\$ 1,412,372	0.07%	921
1-180 days overdue	33,579	10.19%	3,423
181-365 days overdue	9,474	48.45%	4,590
Over 366 days overdue	18,808	100%	18,808
	<b>\$ 1,474,233</b>		<b>27,742</b>
<b>2023.12.31</b>			
	<b>Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance for Expected Credit Losses During the Period</b>
Not overdue	\$ 1,345,537	0.00%	-
1-180 days overdue	36,533	13.68%	4,998
181-365 days overdue	6,444	96.91%	6,245
Over 366 days overdue	16,908	100%	16,908
	<b>\$ 1,405,422</b>		<b>28,151</b>
<b>2023.6.30</b>			
	<b>Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Allowance for Expected Credit Losses During the Period</b>
Not overdue	\$ 1,309,657	0.11%	1,387
1-180 days overdue	32,277	14.53%	4,691
181-365 days overdue	6,859	96.02%	6,586
Over 366 days overdue	12,225	100%	12,225
	<b>\$ 1,361,018</b>		<b>24,889</b>



## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Changes in loss allowance for notes and accounts receivable, finance lease receivable and collections of the Consolidated Companies:

	<b>January to June 2024</b>	<b>January to June 2023</b>
Beginning balance	\$ 28,151	19,499
Recognized impairment loss (reversal)	(431)	5,367
Foreign currency exchange gain/loss	22	23
Ending balance	<b><u>\$ 27,742</u></b>	<b><u>24,889</u></b>

(V) Inventories

	<b>2024.6.30</b>	<b>2023.12.31</b>	<b>2023.6.30</b>
Commodities	\$ 621,983	609,713	586,494
Goods in transit	-	35,744	-
	<b><u>\$ 621,983</u></b>	<b><u>645,457</u></b>	<b><u>586,494</u></b>

For the periods from January 1 to June 30, 2024, April 1 to June 30, 2023, and January 1 to June 30, 2023, improvements in previously identified factors causing the net realizable value of inventory to be lower than cost have resulted in an increase in net realizable value. This has led to a reduction in cost of goods sold by NT\$983 thousand, NT\$13,710 thousand, and NT\$8,506 thousand, respectively.

From April 1 to June 30, 2024, inventory was adjusted to its net realizable value, leading to an inventory impairment loss of NT\$1,008 thousand, and reported as operating costs.

As of June 30, 2024, December 31, 2023, and June 30, 2023, none of the inventories of the Consolidated Companies have been pledged as collaterals.

(VI) Investments accounted for using the equity method

- Investments of the Consolidated Companies accounted for under the equity method at the reporting date:

	<b>2024.6.30</b>	<b>2023.12.31</b>	<b>2023.6.30</b>
Associate	<b><u>\$ 120,340</u></b>	<b><u>116,390</u></b>	<b><u>112,430</u></b>

The financial information of associates of the Consolidated Companies, which are individually immaterial, and accounted for using the equity method, and is included in the Consolidated Financial Statements as follows:

	<b>2024.6.30</b>	<b>2023.12.31</b>	<b>2023.6.30</b>
Closing aggregated carrying amount of interests in individually insignificant related parties	<b><u>\$ 120,340</u></b>	<b><u>116,390</u></b>	<b><u>112,430</u></b>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Equity owned by the Consolidated Companies:				
Net profit from ongoing operations for the current period	\$ 3,877	1,348	8,224	5,997
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 3,877</u>	<u>1,348</u>	<u>8,224</u>	<u>5,997</u>

2. As of June 30, 2024, December 31, 2023, and June 30, 2023, no investments in related parties of the Consolidated Companies, accounted for under the equity method, have been pledged as collaterals.

3. Investments accounted for using the equity method without auditing

Investee and Consolidated Companies that use the equity method calculate their share of profit and other comprehensive income based on unaudited financial statements.

### (VII) Property, plant, and equipment

Changes in cost and depreciation of properties, plants, and equipment of the Consolidated Companies from January 1 to June 30, 2024, and 2023:

	Land	Building and Construction	Transportation Equipment	Office Equipment	Leased Assets	Construction in Process	Total
Cost:							
Balance as of January 1, 2024	\$ 412,632	455,875	4,565	83,044	417,090	-	1,373,206
Addition	-	1,133	110	5,041	20,170	-	26,454
Reclassifications	-	-	-	8,012	43,037	-	51,049
Disposal and obsolescence	-	-	-	(1,777)	(3,253)	-	(5,030)
Effects of exchange rate changes	-	-	-	7	326	-	333
Balance as of June 30, 2024	<u>\$ 412,632</u>	<u>457,008</u>	<u>4,675</u>	<u>94,327</u>	<u>477,370</u>	<u>-</u>	<u>1,446,012</u>
Balance as of January 1, 2023	\$ 412,632	426,833	1,877	64,701	423,601	17,003	1,346,647
Addition	-	158	2,567	3,633	3,145	7,870	17,373
Reclassifications	-	-	-	3,694	25,370	-	29,064
Disposal and obsolescence	-	-	-	(659)	(2,595)	-	(3,254)
Effects of exchange rate changes	-	-	-	1	371	-	372
Balance as of June 30, 2023	<u>\$ 412,632</u>	<u>426,991</u>	<u>4,444</u>	<u>71,370</u>	<u>449,892</u>	<u>24,873</u>	<u>1,390,202</u>
Depreciation:							
Balance as of January 1, 2024	\$ -	67,549	1,984	35,864	206,259	-	311,656

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	<u>Land</u>	<u>Building and Construction</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Leased Assets</u>	<u>Construction in Process</u>	<u>Total</u>
Current year depreciation	-	5,567	261	7,073	28,228	-	41,129
Reclassifications	-	-	-	-	(31)	-	(31)
Disposal and obsolescence	-	-	-	(981)	(2,577)	-	(3,558)
Effects of exchange rate changes	-	-	-	2	48	-	50
Balance as of June 30, 2024	<u>\$ -</u>	<u>73,116</u>	<u>2,245</u>	<u>41,958</u>	<u>231,927</u>	<u>-</u>	<u>349,246</u>
Balance as of January 1, 2023	\$ -	57,716	1,563	26,132	210,671	-	296,082
Current year depreciation	-	4,657	162	5,417	28,613	-	38,849
Reclassifications	-	-	-	-	(300)	-	(300)
Disposal and obsolescence	-	-	-	(659)	(2,326)	-	(2,985)
Effects of exchange rate changes	-	-	-	-	23	-	23
Balance as of June 30, 2023	<u>\$ -</u>	<u>62,373</u>	<u>1,725</u>	<u>30,890</u>	<u>236,681</u>	<u>-</u>	<u>331,669</u>
Carrying amount:							
January 1, 2024	<u>\$ 412,632</u>	<u>388,326</u>	<u>2,581</u>	<u>47,180</u>	<u>210,831</u>	<u>-</u>	<u>1,061,550</u>
June 30, 2024	<u>\$ 412,632</u>	<u>383,892</u>	<u>2,430</u>	<u>52,369</u>	<u>245,443</u>	<u>-</u>	<u>1,096,766</u>
January 1, 2023	<u>\$ 412,632</u>	<u>369,117</u>	<u>314</u>	<u>38,569</u>	<u>212,930</u>	<u>17,003</u>	<u>1,050,565</u>
June 30, 2023	<u>\$ 412,632</u>	<u>364,618</u>	<u>2,719</u>	<u>40,480</u>	<u>213,211</u>	<u>24,873</u>	<u>1,058,533</u>

For details regarding the Consolidated Companies' property, plant and equipment pledged as collaterals for loans and lines of credit, please refer to Note 8.

### (VIII) Right-of-use assets

Changes in cost and depreciation of leased premises, buildings, and transportation equipment of the Consolidated Companies:

	<u>Building and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Costs of right-of-use assets:			
Balance as of January 1, 2024	\$ 781,067	1,309	782,376
Addition	111,403	-	111,403
Decrease	(37,572)	-	(37,572)
Balance as of June 30, 2024	<u>\$ 854,898</u>	<u>1,309</u>	<u>856,207</u>
Balance as of January 1, 2023	\$ 757,462	-	757,462
Addition	16,486	1,309	17,795
Decrease	(21,061)	-	(21,061)
Balance as of June 30, 2023	<u>\$ 752,887</u>	<u>1,309</u>	<u>754,196</u>
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2024	\$ 262,521	400	262,921
Current period depreciation	38,266	218	38,484

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	<b>Building and Construction</b>	<b>Transportation Equipment</b>	<b>Total</b>
Decrease	(24,248)	-	(24,248)
Balance as of June 30, 2024	<b>\$ 276,539</b>	<b>618</b>	<b>277,157</b>
Balance as of January 1, 2023	\$ 250,713	-	250,713
Current period depreciation	35,968	182	36,150
Decrease	(20,824)	-	(20,824)
Balance as of June 30, 2023	<b>\$ 265,857</b>	<b>182</b>	<b>266,039</b>
Carrying amount:			
January 1, 2024	<b>\$ 518,546</b>	<b>909</b>	<b>519,455</b>
June 30, 2024	<b>\$ 578,359</b>	<b>691</b>	<b>579,050</b>
January 1, 2023	<b>\$ 506,749</b>	-	<b>506,749</b>
June 30, 2023	<b>\$ 487,030</b>	<b>1,127</b>	<b>488,157</b>
(IX) Investment properties			
	<b>Land and Improvements</b>	<b>Building and Construction</b>	<b>Total</b>
Carrying amount:			
January 1, 2024	<b>\$ 25,736</b>	<b>365</b>	<b>26,101</b>
June 30, 2024	<b>\$ 25,736</b>	<b>360</b>	<b>26,096</b>
January 1, 2023	<b>\$ 25,736</b>	<b>374</b>	<b>26,110</b>
June 30, 2023	<b>\$ 25,736</b>	<b>370</b>	<b>26,106</b>

There were no significant additions, disposals, impairments, or reversals of investment properties of the Consolidated Companies during the period from January 1 to June 30, 2024 and 2023. Please refer to Note 12 (I) for the depreciation amount for this period. For other related information, please see Note 6 (IX) of the 2023 Consolidated Financial Statements.

As of June 30, 2024, December 31, 2023, and June 30, 2023, no investment properties of the Consolidated Companies were pledged as collaterals.

There are no significant differences in the disclosed information regarding the fair value of investment properties between the Consolidated Financial Statements of the Consolidated Companies and Note 6 (IX) to the 2023 Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### (X) Intangible assets

Changes in cost and amortization of intangible assets of the Consolidated Companies from January 1 to June 30, 2024 and 2023:

	<u>Goodwill</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2024 (opening balance)	<u>\$ 116,961</u>	<u>119,910</u>	<u>236,871</u>
Balance as of January 1, 2023	\$ 116,961	96,100	213,061
Addition	-	2,381	2,381
Reclassifications	-	21,429	21,429
Balance as of June 30, 2023	<u>\$ 116,961</u>	<u>119,910</u>	<u>236,871</u>
Amortization:			
Balance as of January 1, 2024	\$ -	47,892	47,892
Current period amortization	-	8,280	8,280
Balance as of June 30, 2024	<u>\$ -</u>	<u>56,172</u>	<u>56,172</u>
Balance as of January 1, 2023	\$ -	34,309	34,309
Current period amortization	-	6,792	6,792
Balance as of June 30, 2023	<u>\$ -</u>	<u>41,101</u>	<u>41,101</u>
Carrying amount:			
January 1, 2024	<u>\$ 116,961</u>	<u>72,018</u>	<u>188,979</u>
June 30, 2024	<u>\$ 116,961</u>	<u>63,738</u>	<u>180,699</u>
January 1, 2023	<u>\$ 116,961</u>	<u>61,791</u>	<u>178,752</u>
June 30, 2023	<u>\$ 116,961</u>	<u>78,809</u>	<u>195,770</u>

As of June 30, 2024, December 31, 2023, and June 30, 2023, the Consolidated Companies' intangible assets have not been used as collateral or security.

### (XI) Short-term loans

Short-term loans of the Consolidated Companies:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Unsecured bank loans	\$ 220,000	-	-
Secured bank loans	97,987	91,565	81,565
Total	<u>\$ 317,987</u>	<u>91,565</u>	<u>81,565</u>
Unused credit line	<u>\$ 905,176</u>	<u>1,050,212</u>	<u>1,151,857</u>
Interest rate	<u>1.82%~2.00%</u>	<u>1.75%</u>	<u>1.50%~1.75%</u>

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

### (XII) Long-term loans

Long-term loans of the Consolidated Companies:

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Borrowing from non-financial institutions	\$ -	12,357	13,119
Deduction: Portion due within one year	-	-	-
Total	<u>\$ -</u>	<u>12,357</u>	<u>13,119</u>
Unused credit line	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate	<u>-</u>	<u>3%</u>	<u>3%</u>

As of December 31, 2023, and June 30, 2023, no long-term loans unsecured by assets of the Consolidated Companies were pledged as collaterals.

### (XIII) Lease liabilities

Carrying amount of the consolidated lease liabilities:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Current	<u>\$ 77,290</u>	<u>71,364</u>	<u>66,349</u>
Non-current	<u>\$ 525,112</u>	<u>469,455</u>	<u>442,587</u>

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

Leases recognized in the income statement:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Interest expenses for lease liabilities	<u>\$ 1,921</u>	<u>1,565</u>	<u>3,654</u>	<u>3,165</u>
Changes in lease payments not accounted for in measurement of lease liabilities	<u>\$ 1,323</u>	<u>746</u>	<u>2,088</u>	<u>1,691</u>
Income from subleasing right-of-use assets	<u>\$ 22,447</u>	<u>20,706</u>	<u>43,998</u>	<u>41,084</u>
Short-term lease expenses	<u>\$ 354</u>	<u>224</u>	<u>717</u>	<u>314</u>
Expenses for low-value lease assets (excluding low-value short-term leases)	<u>\$ 51</u>	<u>777</u>	<u>85</u>	<u>1,236</u>

Leases recognized in the cash flow statement:

	<u>January to June 2024</u>	<u>January to June 2023</u>
Total cash flows on lease	<u>\$ 42,591</u>	<u>41,618</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### 1. Real estate, construction, and transportation equipment leasing

The Consolidated Companies lease 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.

For right-of-use assets subleased under operating leases, please refer to Note 6 (XIV).

Certain lease agreements offer extension options, but specific terms and conditions agreed upon may differ within the Consolidated Companies as these agreements are handled independently by various regions. These options are enforceable only by the Consolidated Companies 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 Consolidated Companies lease 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 Consolidated Companies do not recognize the associated right-of-use assets and lease liabilities.

### (XIV) Operating leases

The Consolidated Companies had no significant new operating lease agreements from January 1 to June 30, 2024 and 2023. For related information, please refer to Note 6 (XV) of the 2023 Consolidated Financial Statements.

### (XV) Employee benefits

#### 1. Defined benefit plans

The details of expenses reported by the Consolidated Companies are as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating costs \$	5	5	11	11
Operating expenses	1,427	1,426	2,857	2,856
Total	<u>\$ 1,432</u>	<u>1,431</u>	<u>2,868</u>	<u>2,867</u>

#### 2. Defined contribution plans

Pension costs under the defined contribution plan amounted are as follows, and have been allocated to the Bureau of Labor Insurance:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating costs \$	729	728	1,456	1,457
Operating expenses	3,206	3,007	6,248	5,899
Total	<u>\$ 3,935</u>	<u>3,735</u>	<u>7,704</u>	<u>7,356</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### (XVI) Income tax

- Detailed breakdown of the Consolidated Companies' income tax expenses:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Income tax expenses	<u>\$ 26,111</u>	<u>10,895</u>	<u>48,708</u>	<u>32,198</u>

- The Consolidated Companies have no income tax expense that is recognized directly in equity and other comprehensive income.
- Income tax assessment

The income tax settlement declarations of the Company, Renalysis Medical Care, XinFu Healthcare, Sin Hwa, Sin Hwa Investment, and HC-Healthcare have been approved by tax authorities until 2021.

### (XVII) Capital and other equity

Except as described below, there were no significant changes in capital and other equity for the Consolidated Companies from January 1 to June 30, 2024 and 2023. For related information, please refer to Note 6 (XVIII) of the 2023 Consolidated Financial Statements.

- Issuance of common shares

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.

- Capital surplus

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Premium on share issuance	\$ 1,591,611	1,591,611	1,591,611
Employees stock option	9,174	9,174	9,174
Expired stock options	706	706	706
Income from donations	497	497	469
	<u>\$ 1,601,988</u>	<u>1,601,988</u>	<u>1,601,960</u>

- Retained earnings

In accordance with the 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 paid-in capital. Furthermore, a special reserve may be set aside based on operational needs and legal requirements of the Consolidated Companies. 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.



## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

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) Distribution of earnings

At the shareholders' meetings held on May 29, 2024 and June 14, 2023, the Company resolved to distribute dividends for 2023 and 2022, respectively. Dividends distributed to shareholders are detailed as follows:

	2023		2022	
	Allotment Ratio (NT\$)	Amount	Allotment Ratio (NT\$)	Amount
Cash dividends	\$ 7.00	<u>311,647</u>	7.00	<u>311,647</u>

### (XVIII) Share-based payment

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

	<u>Cash Capital Increase with Reserved Employee Subscription Rights</u>
Date given	2023.2.15
Quantity given	600 thousand shares
Executed quantity	600 thousand shares
Vesting period	Immediate vesting

The Consolidated Companies has assigned a fair value of NT\$20.574 per unit for retained cash capital increase and employee stock options. For the period from January 1 to June 30, 2023, compensation cost amounted to NT\$12,344 thousand and was recognized as labor expenses and classified under operating expenses.

### (XIX) Earnings per share

The calculation of basic earnings per share is as follows:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Basic earnings per share				
Net income attributable to the Company for the current period	\$ 109,039	92,228	205,142	177,526
Net profit attributable to the common equity holders of the Company	<u>\$ 109,039</u>	<u>92,228</u>	<u>205,142</u>	<u>177,526</u>
Weighted average number of common shares outstanding (thousand shares)	<u>44,521</u>	<u>44,257</u>	<u>44,521</u>	<u>42,399</u>
	<u>\$ 2.45</u>	<u>2.08</u>	<u>4.61</u>	<u>4.19</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Diluted earnings per share				
Net income attributable to the Company for the current period	\$ 109,039	92,228	205,142	177,526
Effect of potentially dilutive common shares:	-	-	-	-
Net profit attributable to the common equity holders of the Company (After adjusting for the effects of dilutive potential common shares)	<b>\$ 109,039</b>	<b>92,228</b>	<b>205,142</b>	<b>177,526</b>
Weighted average number of common shares outstanding (thousand shares)	44,521	44,257	44,521	42,399
Effect of potentially dilutive common shares:				
Effect of employee stock compensation (thousand shares)	18	14	27	25
Impact of stock option issuance (thousand shares)	-	40	-	169
Weighted average number of common shares outstanding (After adjusting for the effects of dilutive potential common shares) (thousand shares)	<b>44,539</b>	<b>44,311</b>	<b>44,548</b>	<b>42,593</b>
	<b>\$ 2.45</b>	<b>2.08</b>	<b>4.60</b>	<b>4.17</b>

### (XX) Revenue from contracts with customers

#### 1. Revenue breakdown

	April to June 2024		
	Hemodialysis Division	Other Divisions	Total
Main markets in the region:			
Taiwan	\$ 699,133	388,651	1,087,784
China	-	1,907	1,907
Indonesia	7,295	-	7,295
	<b>\$ 706,428</b>	<b>390,558</b>	<b>1,096,986</b>
Main products/services:			
Dialyzer and blood tubing	\$ 328,120	-	328,120

**Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)**

	<b>April to June 2024</b>		
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Total</b>
Erythropoietin and liquid medications	299,067	-	299,067
Hemodialysis machine, maintenance and repair	45,982	-	45,982
Anesthesia and sleep	-	93,961	93,961
Lease income	1,516	49,404	50,920
Service revenue	2,948	30,943	33,891
Others	28,795	216,250	245,045
	<b>\$ 706,428</b>	<b>390,558</b>	<b>1,096,986</b>

	<b>April to June 2023</b>		
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Total</b>
Main markets in the region:			
Taiwan	\$ 704,813	247,763	952,576
China	-	2,162	2,162
Indonesia	1,462	-	1,462
	<b>\$ 706,275</b>	<b>249,925</b>	<b>956,200</b>

Main products/services:			
Dialyzer and blood tubing	\$ 320,810	-	320,810
Erythropoietin and liquid medications	289,753	-	289,753
Hemodialysis machine, maintenance and repair	62,201	-	62,201
Anesthesia and sleep	-	51,632	51,632
Lease income	1,180	48,524	49,704
Service revenue	3,062	31,447	34,509
Others	29,269	118,322	147,591
	<b>\$ 706,275</b>	<b>249,925</b>	<b>956,200</b>

	<b>January to June 2024</b>		
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Total</b>
Main markets in the region:			
Taiwan	\$ 1,412,659	635,348	2,048,007
China	-	2,813	2,813
Indonesia	11,009	-	11,009
	<b>\$ 1,423,668</b>	<b>638,161</b>	<b>2,061,829</b>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	January to June 2024		
	Hemodialysis Division	Other Divisions	Total
Main products/services:			
Dialyzer and blood tubing	\$ 677,628	-	677,628
Erythropoietin and liquid medications	596,486	-	596,486
Hemodialysis machine, maintenance and repair	79,704	-	79,704
Respiration and anesthesia	-	153,997	153,997
Lease income	3,262	97,462	100,724
Service revenue	6,737	62,602	69,339
Others	59,851	324,100	383,951
	<b>\$ 1,423,668</b>	<b>638,161</b>	<b>2,061,829</b>

	January to June 2023		
	Hemodialysis Division	Other Divisions	Total
Main markets in the region:			
Taiwan	\$ 1,405,128	513,083	1,918,211
China	-	6,461	6,461
Indonesia	4,507	-	4,507
	<b>\$ 1,409,635</b>	<b>519,544</b>	<b>1,929,179</b>

Main products/services:			
Dialyzer and blood tubing	\$ 656,155	-	656,155
Erythropoietin and liquid medications	591,656	-	591,656
Hemodialysis machine, maintenance and repair	94,735	-	94,735
Anesthesia and sleep	-	117,799	117,799
Lease income	1,707	95,356	97,063
Service revenue	6,435	62,578	69,013
Others	58,947	243,811	302,758
	<b>\$ 1,409,635</b>	<b>519,544</b>	<b>1,929,179</b>

### 2. Contract balance

	2024.6.30	2023.12.31	2023.6.30
Notes receivable	\$ 195,920	233,218	179,671
Long-term notes receivable	7,938	7,242	5,969
Accounts receivable	1,061,330	938,874	928,244
Receivables from related parties	71,570	85,080	104,282
Finance lease receivables	38,832	39,734	41,698

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Long-term finance lease receivables	94,426	97,057	96,937
Overdue receivables	4,217	4,217	4,217
Deduction: Loss allowance	(27,742)	(28,151)	(24,889)
Total	<u>\$ 1,446,491</u>	<u>1,377,271</u>	<u>1,336,129</u>
	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Contractual liabilities for maintenance and repair services	<u>\$ 42,116</u>	<u>32,633</u>	<u>29,025</u>

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

Revenue recognized from January 1 to June 30, 2024, and 2023 for the initial balance of contract liabilities as of January 1, 2024, and 2023, was NT\$5,725 thousand and NT\$5,647 thousand, respectively.

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

### 3. Allocation to transaction price of outstanding performance obligations

On June 30, 2024, December 31, 2023, and June 30, 2023, the total transaction price for the extended warranty service allocated to outstanding performance obligations, which has not yet been fulfilled, was NT\$42,116 thousand, NT\$32,633 thousand, and NT\$29,025 thousand, respectively. The Consolidated Companies 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 Company, if there are profits for the year, the 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.

The estimated remuneration for employees, directors, and supervisors of the Company is as follows:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Remuneration for employees	\$ 1,339	1,050	2,513	2,083
Remuneration for directors and supervisors	4,019	3,151	7,541	6,249
	<u>\$ 5,358</u>	<u>4,201</u>	<u>10,054</u>	<u>8,332</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Remuneration to employees, directors, and supervisors was estimated by multiplying the net profit before tax for each respective period by the percentage of employee remuneration and director and supervisor remuneration specified in the Company's Articles of Incorporation. The remuneration was recorded as operating expenses for the respective period and was all paid in cash. Any differences between the actual amount distributed in the following year and the estimated amount are treated as changes in accounting estimate, and are recognized in the profit or loss of the subsequent year. For related information, please refer to the Market Observation Post System (MOPS).

The employee remuneration provisions for the fiscal years 2023 and 2022 of the Company amounted to NT\$4,320 thousand and NT\$4,488 thousand, respectively. The remuneration provision for directors and supervisors amounted to NT\$12,959 thousand and NT\$13,463 thousand, respectively. These amounts are consistent with the actual payments made. For more information, please refer to the MOPS.

### (XXII) Non-operating income and expenses

#### 1. Interest income

Interest income of the Consolidated Companies:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Interest on bank deposits	\$ 1,314	1,788	1,843	2,089
Interest income on finance lease receivables	1,599	2,020	3,122	3,936
Other interest income	12	4	43	22
	<u>\$ 2,925</u>	<u>3,812</u>	<u>5,008</u>	<u>6,047</u>

#### 2. Other income

Other income of the Consolidated Companies:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Other income	<u>\$ 4,999</u>	<u>2,071</u>	<u>10,551</u>	<u>3,636</u>

#### 3. Other gains and losses

Other gains and losses of the Consolidated Companies:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Gains on foreign currency exchange	\$ 5,473	4,381	6,965	7,121
Gains on disposal of property, plant, and equipment	542	169	1,094	460
Net gain on financial assets at fair value through profit or loss	727	484	2,343	290
Others	(739)	(324)	(740)	(610)
	<u>\$ 6,003</u>	<u>4,710</u>	<u>9,662</u>	<u>7,261</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### 4. Finance costs

Finance costs of the Consolidated Companies:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Interest expenses	<u>\$ 2,853</u>	<u>3,558</u>	<u>5,360</u>	<u>7,448</u>

### (XXIII) Financial instruments

Apart from the exceptions mentioned below, there have been no significant changes in the fair value of the financial instruments of the Consolidated Companies, nor in its exposure to credit risk, liquidity risk, and market risk. For further details, please consult Note 6 (XXIV) of the 2023 Consolidated Financial Statements.

#### 1. Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contract Cash Flow</u>	<u>Within 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
<b>June 30, 2024</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 317,987	318,386	318,386	-	-
Notes payable	7,651	7,651	7,651	-	-
Accounts payable	600,331	600,331	600,331	-	-
Payables to related parties	2,293	2,293	2,293	-	-
Other payables	154,667	154,667	154,667	-	-
Other payables to related parties	9,353	9,353	9,353	-	-
Dividends payable	311,647	311,647	311,647	-	-
Lease liabilities	602,402	645,807	84,837	284,744	276,226
	<u>\$ 2,006,331</u>	<u>2,050,135</u>	<u>1,489,165</u>	<u>284,744</u>	<u>276,226</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 91,565	91,712	91,712	-	-
Notes payable	7,521	7,521	7,521	-	-
Accounts payable	681,169	681,169	681,169	-	-
Payables to related parties	2,282	2,282	2,282	-	-
Other payables	184,597	184,597	184,597	-	-
Other payables to related parties	14,665	14,665	14,665	-	-
Long-term loans	12,357	13,701	374	13,327	-
Lease liabilities	540,819	574,872	77,552	253,146	244,174
Other forward exchange contracts	240	240	240	-	-
	<u>\$ 1,535,215</u>	<u>1,570,759</u>	<u>1,060,112</u>	<u>266,473</u>	<u>244,174</u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 81,565	81,900	81,900	-	-
Notes payable	7,152	7,152	7,152	-	-
Accounts payable	549,843	549,843	549,843	-	-
Payables to related parties	1,873	1,873	1,873	-	-
Other payables	143,195	143,195	143,195	-	-
Other payables to related parties	7,082	7,082	7,082	-	-
Dividends payable	311,647	311,647	311,647	-	-
Long-term loans	13,119	14,033	368	13,665	-
Lease liabilities	508,936	542,123	72,086	230,688	239,349
	<u>\$ 1,624,412</u>	<u>1,658,848</u>	<u>1,175,146</u>	<u>244,353</u>	<u>239,349</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

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

### 2. Foreign exchange risk

#### (1) Exposure to foreign exchange risk

Consolidated financial assets and liabilities that are exposed to significant foreign exchange rate risk:

	2024.6.30			2023.12.31			2023.6.30		
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
JPY	\$ 224,377	0.2015	45,212	34,345	0.2171	7,456	284,686	0.2150	61,207
USD	143	32.438	4,639	184	30.705	5,650	220	31.140	6,851
<u>Financial liabilities</u>									
<u>Monetary items</u>									
JPY	618,330	0.2015	124,593	489,429	0.2171	106,255	431,651	0.2150	92,805
USD	1,828	32.438	59,297	1,216	30.705	37,337	1,674	31.140	52,128

#### (2) Sensitivity analysis

The Consolidated Companies' exposure to foreign exchange risk on monetary items mainly arises from cash, cash equivalents, and accounts payable denominated in foreign currencies, which generate foreign exchange gains or losses upon translation. As of June 30, 2024, and 2023, if NT\$ depreciates or appreciates by 0.25% against US\$ and JPY, with all other factors remaining constant, the net income before tax for January 1 to June 30, 2024, and 2023, would decrease or increase by NT\$335 thousand and NT\$192 thousand, respectively.

#### (3) Exchange gains and losses on monetary items

The Consolidated Companies disclose foreign currency exchange gains and losses (including realized and unrealized) for monetary items on a consolidated basis. For the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the foreign currency exchange gains and losses were NT\$5,473 thousand, NT\$4,381 thousand, NT\$6,965 thousand, and NT\$7,121 thousand, respectively.

### 3. Interest rate analysis

Financial assets and financial liabilities with interest rate risk of the Consolidated Companies:

	2024.6.30	2023.12.31	2023.6.30
Variable rate instruments (book value)			
Financial assets	\$ 483,975	459,551	519,269
Financial liabilities	317,987	103,922	94,684

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



## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

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 are analyzed by assuming that the amount of assets outstanding at the reporting date is outstanding for the entire year.

If the interest rate increased or decreased by 0.25%, the Consolidated Companies' net income before tax from January 1 to June 30, 2024, and 2023, would have increased or decreased by NT\$207 thousand and NT\$531 thousand, respectively, with all other variables remaining constant, which was mainly due to the Consolidated Companies' changing bank deposit rates and loans.

### 4. Information on fair value

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

The Consolidated Companies measure financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income 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):

	2024.6.30				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss:</b>					
Beneficiary certificate - fund	\$ 53,167	53,167	-	-	53,167
<b>Financial assets at fair value through other comprehensive income</b>	<u>45,268</u>	-	-	45,268	45,268
<b>Total</b>	<b><u>\$ 98,435</u></b>				
	2023.12.31				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss:</b>					
Beneficiary certificate - fund	\$ 51,966	51,966	-	-	51,966
<b>Financial assets at fair value through other comprehensive income</b>	<u>268</u>	-	-	268	268
<b>Total</b>	<b><u>\$ 52,234</u></b>				
	2023.6.30				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss:</b>					
Beneficiary certificate - fund	\$ 51,420	51,420	-	-	51,420
<b>Financial assets at fair value through other comprehensive income</b>	<u>268</u>	-	-	268	268
<b>Total</b>	<b><u>\$ 51,688</u></b>				

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### (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.

Classification and attributes of financial instruments with active markets of the Consolidated Companies:

Domestic funds and 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

	<b>Measured at Fair Value through Other Comprehensive Income</b>
January 1, 2024	\$ 268
Purchases	45,000
June 30, 2024	<u><b>\$ 45,268</b></u>
June 30, 2023 (opening balance)	<u><b>\$ 268</b></u>

### (4) Quantitative information on fair value measurement of significant unobservable inputs (Level 3)

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

The fair value measurement of the Consolidated Companies is classified as Level 3, primarily due to the fair value measurement of financial assets recognized in other comprehensive income - equity securities.

Investments in debt instrument without active market of the Consolidated Companies involve multiple significant unobservable input values. These values are independent of each other and therefore have no correlation.

The list of quantified information for significant unobservable input values is as follows:

Item	Evaluation	Significant Unobservable Input Values	Relationship between Significant Unobservable Input Values and Fair Value
Financial assets at fair value through other comprehensive income - Investments in debt instrument without active market	Comparable to the Company Act	<ul style="list-style-type: none"> <li>• The price-to-earnings ratio multiple (as of June 30, 2024: 10.15%).</li> <li>• Lack of market liquidity discount (as of June 30, 2024: 30%).</li> </ul>	<ul style="list-style-type: none"> <li>• The fair value increases as the multiple and control premium increase</li> <li>• The fair value decreases as the lack of market liquidity discount increases</li> </ul>

- (5) For the fair value measurement of Level 3, a sensitivity analysis is conducted to assess the impact of reasonably possible alternative assumptions on the fair value

The fair value measurement of financial instruments by the Consolidated Companies is reasonable. However, employing alternative valuation models or parameters may yield varying valuation outcomes. With regards to financial instruments classified as Level 3, the changes in valuation parameters have the following impact on the current period's profit or other comprehensive income:

	Input Value	Upward or Downward	Fair Value Changes Are Reflected in Other Comprehensive Income	
			Favorable Changes	Unfavorable Changes
June 30, 2024				
Financial assets at fair value through other comprehensive income	10.15	1%	426	(426)

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Favorable and unfavorable changes for the Consolidated Companies refer to fluctuations in fair value, which are calculated using valuation techniques based on varying degrees of unobservable inputs. If the fair value of financial instruments is influenced by multiple inputs, the table above only shows the impact of a single change in input value. It does not take into account the correlation and variability between input values.

### (XXIV) Financial risk management

There have been no significant changes to the financial risk management objectives and policies of the Consolidated Companies, as stated in Note 6 (XXV) of 2023 Consolidated Financial Statements.

### (XXV) Capital management

The capital management objectives, policies, and procedures of the Consolidated Companies remain consistent with those disclosed in the 2023 Consolidated Financial Statements. Furthermore, there have been no significant changes in the quantified data for the capital management items, as previously disclosed in the 2023 Consolidated Financial Statements. Please refer to Note 6 (XXVI) of the 2023 Consolidated Financial Statements for the relevant information.

### (XXVI) Non-cash transactions in financing activities

The Consolidated Companies' non-cash transaction financing activities from January 1 to June 30, 2024 and 2023:

- For right-of-use assets acquired under leases, please refer to Note 6 (VIII).

### (XXVII) Changes in liabilities from financing activities

Adjustment of liabilities from financing activities:

	Non-cash Transactions					2024.6.30
	2024.1.1	Cash Flow	New Lease	Lease Modifications	Exchange Rate Changes	
Short-term loans	\$ 91,565	226,422	-	-	-	317,987
Long-term loans	12,357	(12,651)	-	-	294	-
Lease liabilities	540,819	(36,047)	111,403	(13,773)	-	602,402
Guarantee deposits received	211	(160)	-	-	-	51
Total liabilities from financing activities	<u>\$ 644,952</u>	<u>177,564</u>	<u>111,403</u>	<u>(13,773)</u>	<u>294</u>	<u>920,440</u>

	Non-cash Transactions					2023.6.30
	2023.1.1	Cash Flow	New Lease	Lease Modifications	Exchange Rate Changes	
Short-term loans	\$ 495,332	(413,767)	-	-	-	81,565
Long-term loans	12,552	-	-	-	567	13,119
Lease liabilities	526,590	(35,212)	17,795	(237)	-	508,936
Guarantee deposits received	51	-	-	-	-	51
Total liabilities from financing activities	<u>\$ 1,034,525</u>	<u>(448,979)</u>	<u>17,795</u>	<u>(237)</u>	<u>567</u>	<u>603,671</u>

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

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

- (II) Names and relations of related parties

Related parties that had transactions with the Consolidated Companies during the period covered in the Consolidated Financial Statements:

<u>Related Party</u>	<u>Relationship with the Consolidated Companies</u>
Collins Co., Ltd.	Ultimate controller of the Consolidated Companies
QSC Corp.	Affiliate of the Consolidated Companies
WS Far IR Medical Technology Co., Ltd.	Affiliate of the Consolidated Companies
Yi Sheng Medical Care Co., Ltd.	Substantive related party of the Consolidated Companies
Xing Tian Medical Care Co., Ltd.	Substantive related party of the Consolidated Companies

- (III) Significant transactions with related parties

#### 1. Operating revenue

Sales to related parties and their outstanding balances:

	<u>Sales</u>				<u>Receivables from Related Parties</u>		
	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Substantive related party: Yi Sheng Medical Care Co., Ltd.	\$ 48,134	87,811	100,492	176,057	50,858	72,017	92,728
Substantive related party: Xing Tian Medical Care Co., Ltd.	12,581	2,339	29,665	16,442	20,712	13,063	11,554
	<u>\$ 60,715</u>	<u>90,150</u>	<u>130,157</u>	<u>192,499</u>	<u>71,570</u>	<u>85,080</u>	<u>104,282</u>

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. Additionally, commissions are paid based on sales amounts. The commission expenses and payment terms for substantive related parties are agreed upon by both parties. For the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the commission amounts were NT\$4,075 thousand, NT\$1,928 thousand, NT\$9,147 thousand, and NT\$6,727 thousand, respectively. As of June 30, 2024, December 31, 2023, and June 30, 2023, NT\$4,553 thousand, NT\$4,665 thousand, and NT\$2,282 thousand remain unpaid and are recorded under "Other Payables - Related Parties".

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### 2. Purchases

Purchases of the Consolidated Companies from related parties and their outstanding balances:

	Purchases				Payables to Related Parties		
	April to June 2024	April to June 2023	January to June 2024	January to June 2023	2024.6.30	2023.12.31	2023.6.30
	Associate Substantive related party: Yi Sheng Medical Care Co., Ltd.	\$ 629	1,327	2,336	2,414	2,293	2,282
	-	(26)	-	(23)	-	-	-
	<u>\$ 629</u>	<u>1,301</u>	<u>2,336</u>	<u>2,391</u>	<u>2,293</u>	<u>2,282</u>	<u>1,873</u>

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

### 3. Leases

Rental income from leasing office space to related parties (classified under "Other income") and its outstanding balance:

	Rental Income				Receivables from Related Parties		
	April to June 2024	April to June 2023	January to June 2024	January to June 2023	2024.6.30	2023.12.31	2023.6.30
	Associate	\$ 15	15	29	29	-	-

### 4. Labor expenses

Amounts and outstanding balances for management services provided by related parties to the Consolidated Companies (recorded under "Operating expenses"):

	Amount of Transaction				Other Payables to Related Parties		
	April to June 2024	April to June 2023	January to June 2024	January to June 2023	2024.6.30	2023.12.31	2023.6.30
	Parent Company: Collins Co., Ltd.	\$ 2,400	2,400	4,800	4,800	4,800	10,000

#### (IV) Major senior management personnel transactions

Major senior management personnel remuneration:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Short-term employee benefits	\$ 13,869	11,884	27,209	23,854

## VIII. Pledged Assets

### (I) Carrying values of assets pledged by the Consolidated Companies:

Asset Name	Collateral Pledged	2024.6.30	2023.12.31	2023.6.30
		\$ 57,261	58,895	50,402
Restricted bank deposits (listed under Other Financial Assets - Current)	Performance guarantee/letter of credit limit			

**Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)**

<u>Asset Name</u>	<u>Collateral Pledged</u>	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Land	Letter of credit limit/bank loan limit	107,873	107,873	107,873
Building and construction	Letter of credit limit/bank loan limit	51,342	52,134	52,926
		<u>\$ 216,476</u>	<u>218,902</u>	<u>211,201</u>

(II) As of June 30, 2024, December 31, 2023, and June 30, 2023, the Consolidated Companies have opened forward letters of credit amounting to NT\$436,837 thousand, NT\$459,066 thousand, and NT\$466,578 thousand, respectively, and have used bills for collection deposited in banks in the amounts of NT\$187,438 thousand, NT\$220,652 thousand, and NT\$169,329 thousand, respectively, as collateral for 10-20% of the forward letters of credit.

**IX. Significant Contingent Liabilities and Unrecognized Contract Commitments**

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Unused balance of issued letters of credit	<u>\$ 183,177</u>	<u>213,055</u>	<u>204,987</u>
Unrecognized contractual commitments for acquisition of property, plant and equipment	<u>\$ 6,062</u>	<u>12,036</u>	<u>4,895</u>

**X. Significant Disaster Loss: None.**

**XI. Significant Events after the Balance Sheet Date: None.**

**XII. Others**

(I) Employee benefits, depreciation and amortization expenses by function:

Functions	April to June 2024			April to June 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	16,944	96,161	113,105	16,509	100,802	117,311
Labor and health insurance	1,279	5,899	7,178	1,273	5,576	6,849
Pension expenses	734	4,633	5,367	733	4,433	5,166
Other employee benefits	462	2,063	2,525	391	1,944	2,335
Depreciation expenses	35,766	5,553	41,319	33,176	4,732	37,908
Amortization expenses	-	4,140	4,140	-	3,396	3,396

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Functions Characteristics	January to June 2024			January to June 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	32,960	183,510	216,470	32,515	186,381	218,896
Labor and health insurance	2,768	13,369	16,137	2,785	12,794	15,579
Pension expenses	1,467	9,105	10,572	1,468	8,755	10,223
Other employee benefits	859	3,918	4,777	794	3,736	4,530
Depreciation expenses	68,617	11,001	79,618	65,688	9,315	75,003
Amortization expenses	-	8,280	8,280	-	6,792	6,792

(II) Seasonality of operations:

The operations of the Consolidated Companies are not affected by seasonal or cyclical factors.

### XIII. Supplementary Disclosures

(I) Information on Significant Transactions

The Consolidated Companies are required to disclose the following significant transaction information from January 1 to June 30, 2024, in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

- Loans provided for others: None.
- Endorsements/guarantees provided for others:

Number	Company of Endorser/Guarantor	Endorsed and Guaranteed Parties		Limit on Endorsements/Guarantees Provided for a Single Entity	Maximum Endorsement/Guarantee Balance	Ending Endorsement/Guarantee 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	1,439,791	50,000	50,000	-	Promissory note 50,000	1.74%	1,439,791	Y	N	N
0	The Company	HC-Healthcare Co., Ltd.	2	1,439,791	120,000	120,000	97,987	Promissory note 120,000	4.17%	1,439,791	Y	N	N

Note 1: The total endorsement/guarantee amount is limited to 50% of the net worth indicated in the Consolidated Companies' 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:

- Companies engaged in business transactions.
- Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- Companies in which the Company directly or indirectly holds at least 90% of the voting shares.
- 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.



## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

(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.

Note 3: The above transactions were eliminated in the preparation of the Consolidated Financial Statements.

### 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 You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	742	10,310	- %	10,310	
Sin Hwa Investment Co., Ltd.	SinoPac Global Multi Income Fund TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	11,392	- %	11,392	
XinFu Healthcare Corp.	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,264	31,465	- %	31,465	
The Company	Taiwan Depository & Clearing Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1	268	- %	268	
The Company	EPED Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,406	45,000	4.87%	45,000	
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:

Unit: NT\$ thousand

Acquired Company	Name of Property	Trading Date or Date of Occurrence	Amount of Transaction	Status of Payment	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Basis or Reference for Price Setting	Purpose of Acquisition and Usage Status	Other Agreed Items
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
The Company	Land	2024.4.16	206,180	206,180	Chiayi County Government	Non-related party				-	Tender	Warehouse land	None

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

On April 16, 2024, the Consolidated Companies acquired the "Chiayi Interchange Special Zone Goods Transfer Center Area Land Readjustment Area," as announced by the Chiayi County Government, through a public bidding process. The land is intended for a warehouse expansion plan. The total transaction amount was NT\$206,180 thousand, and the land payment has been completed. The relevant ownership registration procedures are in progress and are recorded under "Other Non-current Assets".

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	100,492	(5.49) %	Net 90 EOM	-	-	50,858	4.46%	

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).
10. Business relationships and significant transactions between the parent company and subsidiaries:

Number	Company	Counterparty	Relationship	Trading Activities in 2024			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated Total Revenue or Total Assets
0	The Company	Renalysis Medical Care Co., Ltd.	1	Sales	1,833	Net 120 EOM	0.09%
0	The Company	Renalysis Medical Care Co., Ltd.	1	Accounts receivable	1,485	Net 120 EOM	0.03%
0	The Company	Renalysis Medical Care Co., Ltd.	1	Rental Income	1,127	Pursuant to the terms of the contract	0.05%
0	The Company	Sin Hwa Co., Ltd.	1	Purchases	2,613	Net 30 EOM	0.13%
0	The Company	Sin Hwa Co., Ltd.	1	Accounts payable	1,056	Net 30 EOM	0.02%
0	The Company	HMI company	1	Sales	8,015	Net 270 EOM	0.39%
0	The Company	HMI company	1	Accounts receivable	8,015	Net 270 EOM	0.16%
0	The Company	HC-Healthcare Co., Ltd.	1	Accounts receivable	6,694	Net 120 EOM	0.13%
0	The Company	HC-Healthcare Co., Ltd.	1	Sales	10,312	Net 120 EOM	0.50%
0	The Company	HC-Healthcare Co., Ltd.	1	Other expenses	1,007	Net 120 EOM	0.05%

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

Note 1: The number should be filled in using the following method:

1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Types of relationships with counterparties are indicated as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: The report only provides one-sided information on sales, revenue, and accounts receivable, without any additional details on purchases, expenses, and accounts payable.

Note 4: Transactions with a value of NT\$1 million or more should be disclosed.

Note 5: The above transactions were eliminated in the preparation of the Consolidated Financial Statements.

### (II) Information on Invested Companies:

Details regarding the Consolidated Companies' investments from January 1 to June 30, 2024 (excluding investments in mainland China):

Unit: NT\$ thousand/thousand shares

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit/Loss of Investee for the Period	Investment Profit (Loss) Recognized	Remark
				Ending Balance for the Current Period	End of Previous Year	Shares	Shareholding	Carrying Amount			
The Company	Succeed Agents Limited (B.V.I.)	British Virgin Islands.	Financial holding and investment	49,649	11,918	1,575	100.00%	86,633	(107)	(107)	(Note 1)
The Company	Renalysis Medical Care Co., Ltd.	Sanchong District, New Taipei City	Medical management consulting services	165,037	165,037	10,000	100.00%	238,717	31,219	31,218	(Note 1)
The Company	XinFu Healthcare Corp.	Sanchong District, New Taipei City	Medical management consulting services	50,000	50,000	5,000	100.00%	53,017	1,284	1,284	(Note 1)
The Company	Sin Hwa Co., Ltd.	Sanchong District, New Taipei City	Medical equipment trade	100,000	100,000	10,000	100.00%	111,224	6,660	6,660	(Note 1)
The Company	Sin Hwa Investment Co., Ltd.	Sanchong District, New Taipei City	Financial holding and investment	80,000	80,000	8,000	100.00%	82,896	5,199	5,199	(Note 1)
The Company	HC-Healthcare Co., Ltd.	Sanchong District, New Taipei City	Medical management consulting services	118,919	118,919	36,517	100.00%	136,808	1,116	1,411	(Note 1)
The Company	WS Far IR Medical Technology Co., Ltd.	Xindian District, New Taipei City	Medical equipment manufacturing and sales	63,600	63,600	600	30.00%	62,435	13,178	3,953	
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%	57,905	21,358	4,271	
Succeed Agents Limited (B.V.I.)	Moral Well Co., Ltd.	Apia Samoa	Financial holding and investment	58,973	58,973	2,000	100.00%	32,188	(244)	(244)	(Note 1)
Succeed Agents Limited (B.V.I.)	PT Hiclearance Medical Indonesia	Republic of Indonesia	Medical equipment trade	60,540	23,694	2,000	100.00%	51,572	120	120	(Note 1)

Note 1: The above transactions were eliminated in the preparation of the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

### (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		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 for the Period	End-of-period Investment Book Value	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Taicha Medical Corp. (Shanghai)	International trade and re-export trade	64,900 (USD2,000) (Note 3)	(III)	20,785 (USD700)	-	-	20,785 (USD700)	(244) (USD(8))	100.00%	(244) (USD(8)) (Note 2)	32,178 (USD 992) (Note 2)	-
Shanghai Shen Shang Technology Co., Ltd. (Note 4)	Medical software development and technical services	17,935 (RMB4,034)	(III)	-	-	-	-	-	6.20%	-	-	-

Note 1: Methods of investment 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) Others.

Note 2: The above transactions were eliminated in the preparation of the Consolidated Financial Statements.

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

Note 4: The investment amount was established by Taicha Medical Corp.'s own funds, not transferred from Taiwan, and full impairment was recorded in 2022. The transaction was not eliminated in the preparation of the Consolidated Financial Statements.

#### 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\$800 thousand)	68,145 (US\$2,100 thousand)	1,727,749

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 Consolidated Companies have 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.

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:

For details regarding significant transactions between the Consolidated Companies and their investees in Mainland China from January 1 to June 30, 2024 (eliminated at the time of preparation of the Consolidated Financial Statements), please refer to the section "Information on Significant Transactions".

## Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)

(IV) Information on Major Shareholders:

Unit: shares

Name of Major Shareholders	Shareholding	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) 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. Please refer to MOPS for information on shareholders who declare themselves 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.

### XIV. Segment Information

Information and adjustments pertain to the business segments of the Consolidated Companies:

	<b>April to June 2024</b>			
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ 706,428	390,558	-	1,096,986
Intersegment revenue	-	-	-	-
<b>Total revenue</b>	<b>\$ 706,428</b>	<b>390,558</b>	<b>-</b>	<b>1,096,986</b>
<b>Reportable segment profit or loss</b>	<b>\$ 82,876</b>	<b>37,323</b>	<b>-</b>	<b>120,199</b>
<b>Reportable segment assets (Note)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to the Consolidated Financial Statements of Hi-Clearance Inc. and Subsidiaries (Cont.)**

	<b>April to June 2023</b>			
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ 706,275	249,925	-	956,200
Intersegment revenue	-	-	-	-
<b>Total revenue</b>	<b>\$ 706,275</b>	<b>249,925</b>	<b>-</b>	<b>956,200</b>
<b>Reportable segment profit or loss</b>	<b>\$ 63,042</b>	<b>31,698</b>	<b>-</b>	<b>94,740</b>
<b>Reportable segment assets (Note)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>January to June 2024</b>			
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ 1,423,668	638,161	-	2,061,829
Intersegment revenue	-	-	-	-
<b>Total revenue</b>	<b>\$ 1,423,668</b>	<b>638,161</b>	<b>-</b>	<b>2,061,829</b>
<b>Reportable segment profit or loss</b>	<b>\$ 165,648</b>	<b>60,117</b>	<b>-</b>	<b>225,765</b>
<b>Reportable segment assets (Note)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>January to June 2023</b>			
	<b>Hemodialysis Division</b>	<b>Other Divisions</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ 1,409,635	519,544	-	1,929,179
Intersegment revenue	-	-	-	-
<b>Total revenue</b>	<b>\$ 1,409,635</b>	<b>519,544</b>	<b>-</b>	<b>1,929,179</b>
<b>Reportable segment profit or loss</b>	<b>\$ 141,817</b>	<b>52,414</b>	<b>-</b>	<b>194,231</b>
<b>Reportable segment assets (Note)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Note) The disclosed amount for the Consolidated Companies is 0 because the measurement of total divisional assets was not provided to the operational decision-makers.