

Hi-Clearance Inc. and Subsidiaries
Consolidated Financial Statements
and Independent Auditors' Report

For the Nine Months Ended September 30, 2024 and 2023

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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 September 30, 2024 and September 30, 2023, and the consolidated statements of comprehensive income for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 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 September 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 September 30, 2024 and September 30, 2023, the total assets of these non-material subsidiaries were NT\$683,954 thousand and NT\$617,653 thousand, respectively, accounting for 13.88% and 13.55% of the consolidated total assets. Their total liabilities were NT\$261,674 thousand and NT\$264,289 thousand, respectively, accounting for 13.23% and 15.99% of the consolidated total liabilities. The comprehensive income for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023 was NT\$6,496 thousand, NT\$7,767 thousand, NT\$20,998 thousand, and NT\$17,188 thousand, respectively, accounting for 8.99%, 8.74%, 7.51%, and 6.45% 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\$122,412 thousand and NT\$114,905 thousand as of September 30, 2024 and September 30, 2023, respectively. For the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the share of profit or loss from associates accounted for using the equity method was NT\$2,072 thousand, NT\$2,475 thousand, NT\$10,296 thousand, and NT\$8,472 thousand, respectively. These amounts are based on the unaudited financial statements of the investee companies for the same periods.

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

Unit: NT\$ thousand

Assets	2024.9.30		2023.12.31		2023.9.30			Liabilities and equity	2024.9.30		2023.12.31		2023.9.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Notes 6 (I))	\$ 371,390	8	401,137	9	348,651	8	2100 Short-term loans (Note 6 (XI) and Note 8)	\$ 457,987	9	91,565	2	181,565	4	
1110 Financial assets at fair value through profit or loss - current (Note 6 (II))	53,488	1	51,966	1	51,377	1	2120 Financial liabilities at fair value through profit or loss - current (Note 6 (II))	35	-	240	-	-	-	
1150 Net amount of notes receivable (Notes 6 (IV), (XX) and Note 8)	190,133	4	229,978	5	206,232	5	2130 Contract liabilities - current (Note 6 (XX))	18,502	-	13,920	-	13,034	-	
1170 Net amount of accounts receivable (Notes 6 (IV), (XX))	994,257	20	919,622	20	960,363	21	2150 Notes payable	9,587	-	7,521	-	6,814	-	
1180 Net amount of accounts receivable - related parties (Notes 6 (IV), (XX) and Note 7)	77,426	2	85,080	2	97,553	2	2170 Accounts payable	633,294	13	681,169	15	659,169	15	
1197 Net amount of financial leases receivable (Notes 6 (IV), (XX))	36,662	1	39,337	1	40,333	1	2180 Accounts payable - related parties (Note 7)	1,140	-	2,282	-	2,144	-	
1200 Other receivables	3,571	-	1,341	-	6,575	-	2200 Other payables - others	164,474	3	184,597	4	168,784	4	
1300 Inventory (Note 5 (V))	685,106	14	645,457	14	607,386	13	2220 Other payables - related parties (Note 7)	13,703	-	14,665	-	10,437	-	
1410 Prepayments	29,936	-	69,183	1	42,166	1	2230 Current income tax liabilities	40,609	1	29,218	1	12,833	-	
1476 Other financial assets - current (Note 8)	60,077	1	58,895	1	70,758	2	2280 Lease liabilities - current (Note 6 (XIII))	77,050	2	71,364	2	71,184	2	
1479 Other current assets - others	15,178	-	7,892	-	14,837	-	2300 Other current liabilities	19,350	1	26,516	1	13,745	-	
Total current assets	2,517,224	51	2,509,888	54	2,446,231	54	Total current liabilities	1,435,731	29	1,123,057	25	1,139,709	25	
Non-current assets:							Non-current liabilities:							
1517 Financial assets at fair value through other comprehensive income - non-current (Note 6 (III))	32,701	1	268	-	268	-	2527 Contract liabilities - non-current (Note 6 (XX))	23,253	1	18,713	-	17,523	-	
1550 Investments accounted for using the equity method (Note 6 (VI))	122,412	2	116,390	3	114,905	3	2540 Long-term loans (Note 6(XII))	-	-	12,357	-	13,189	-	
1600 Property, plant, and equipment (Note 6 (VII) and 8)	1,280,647	26	1,061,550	23	1,053,755	23	2570 Deferred income tax liabilities	8,372	-	8,372	-	8,079	-	
1755 Right-of-use assets (Note 6 (VIII))	560,439	11	519,455	11	521,533	11	2580 Lease liabilities - non-current (Note 6 (XIII))	508,290	10	469,455	10	471,420	11	
1760 Investment property (Note 6 (IX))	26,094	1	26,101	1	26,103	1	2600 Other non-current liabilities	1,769	-	2,063	-	2,477	-	
1780 Intangible assets (Note 6 (X))	176,560	4	188,979	4	192,375	4	Total non-current liabilities	541,684	11	510,960	10	512,688	11	
1840 Deferred income tax assets	4,917	-	4,917	-	14,699	-	Total liabilities	1,977,415	40	1,634,017	35	1,652,397	36	
1930 Long-term notes receivable (Notes 6 (IV), (XX) and Note 8)	7,737	-	7,168	-	5,012	-	Equity (Note 6 (XVII)):							
194D Net amount of long-term financial leases receivable (Notes 6 (IV), (XX))	93,766	2	96,086	2	96,993	2	3110 Capital stock	445,210	9	445,210	10	445,210	10	
1990 Other non-current assets - others (Note 7)	106,774	2	87,083	2	85,836	2	3200 Capital surplus	1,601,988	32	1,601,988	35	1,601,988	35	
Total non-current assets	2,412,047	49	2,107,997	46	2,111,479	46	3300 Retained earnings	919,890	19	943,984	20	861,919	19	
Total assets	\$ 4,929,271	100	4,617,885	100	4,557,710	100	3400 Other equity	(15,232)	-	(7,314)	-	(3,804)	-	
							Total equity	2,951,856	60	2,983,868	65	2,905,313	64	
							Total liabilities and equity	\$ 4,929,271	100	4,617,885	100	4,557,710	100	

(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

July 1 to September 30, 2024, and 2023, and January 1 to September 30, 2024, and 2023

Unit: NT\$ thousand

	July to September 2024		July to September 2023		January to September 2024		January to September 2023			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (Notes 6 (XIII), (XX) and Note 7)		\$ 1,009,046	100	984,448	100	3,070,875	100	2,913,627	100
5000	Operating costs (Notes 6 (V), (XV), Note 7, and Note 12)		739,065	73	731,028	74	2,247,440	73	2,156,948	74
	Gross profit		269,981	27	253,420	26	823,435	27	756,679	26
	Operating expenses (Notes 6 (IV), (XV), (XVIII), Note 7, and Note 12):									
6100	Selling and marketing expenses		95,409	9	86,701	9	284,863	9	251,374	9
6200	General and administrative expenses		58,794	6	64,189	7	197,460	6	203,177	7
6450	Expected credit loss		1,620	-	372	-	1,189	-	5,739	-
	Total operating expenses		155,823	15	151,262	16	483,512	15	460,290	16
	Net operating income		114,158	12	102,158	10	339,923	12	296,389	10
	Non-operating income and expenses:									
7100	Interest income (Note 6 (XXII))		2,223	-	2,648	-	7,231	-	8,695	-
7010	Other income (Note 6 (XXII) and Note 7)		1,594	-	2,740	-	12,145	-	6,376	-
7020	Other gains and losses (Note 6 (XXII))		(12,277)	(1)	(808)	-	(2,615)	-	6,453	-
7050	Financial costs (Notes (XIII) and (XXII))		(4,377)	-	(2,682)	-	(9,737)	-	(10,130)	-
7060	Share of profit or loss of affiliates and joint ventures accounted for using the equity method (Note 6 (VI))		2,072	-	2,475	-	10,296	-	8,472	-
	Total non-operating income and expenses		(10,765)	(1)	4,373	-	17,320	-	19,866	-
7900	Income before tax		103,393	11	106,531	10	357,243	12	316,255	10
7950	Deduction: Income tax expenses (Note 6 (XVI))		20,982	2	18,719	1	69,690	2	50,917	1
	Net income for the period		82,411	9	87,812	9	287,553	10	265,338	9
8300	Other comprehensive income:									
8310	Components that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6 (III))		(12,567)	(1)	-	-	(12,567)	(1)	-	-
	Total components not reclassified to profit or loss		(12,567)	(1)	-	-	(12,567)	(1)	-	-
8360	Components that may be reclassified to profit or loss									
8361	Exchange differences on translation of financial statements of foreign operations		2,430	-	1,062	-	4,649	-	972	-
	Total components that may be reclassified to profit or loss		2,430	-	1,062	-	4,649	-	972	-
8300	Other comprehensive income (net after tax)		(10,137)	(1)	1,062	-	(7,918)	(1)	972	-
	Total comprehensive income for the period		\$ 72,274	8	88,874	9	279,635	9	266,310	9
	Earnings per share (NT\$) (Note 6 (XIX))									
9750	Basic earnings per share (NT\$)		\$ 1.85		1.97		6.46		6.15	
9850	Diluted earnings per share (NT\$)		\$ 1.85		1.97		6.45		6.13	

(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 September 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	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) in Equity Instruments at Fair Value Through Other Comprehensive Income	Others		
Balance as of January 1, 2023	\$ 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 stock	-	-	-	-	(311,647)	(311,647)	-	-	-	(311,647)
Modifications to other capital reserves:										
Receipt of donation	-	28	-	-	-	-	-	-	-	28
Net income for the period	-	-	-	-	265,338	265,338	-	-	-	265,338
Other comprehensive income for the period	-	-	-	-	-	-	972	-	-	972
Total comprehensive income for the period	-	-	-	-	265,338	265,338	972	-	-	266,310
Cash capital increase	40,000	458,750	-	-	-	-	-	-	-	498,750
Share-based payment transactions	-	12,344	-	-	-	-	-	-	-	12,344
Balance as of September 30, 2023	\$ 445,210	1,601,988	400,322	4,776	456,821	861,919	(3,804)	-	-	2,905,313
Balance as of January 1, 2024	\$ 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 stock	-	-	-	-	(311,647)	(311,647)	-	-	-	(311,647)
Net income for the period	-	-	-	-	287,553	287,553	-	-	-	287,553
Other comprehensive income for the period	-	-	-	-	-	-	4,649	(12,567)	-	(7,918)
Total comprehensive income for the period	-	-	-	-	287,553	287,553	4,649	(12,567)	-	279,635
Balance as of September 30, 2024	\$ 445,210	1,601,988	435,062	6,645	478,183	919,890	(1,996)	(12,567)	(669)	2,951,856

(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 September 30, 2024, and 2023

Unit: NT\$ thousand

	January to September 2024	January to September 2023
Cash flows from operating activities:		
Income before tax for the period	\$ 357,243	316,255
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	120,737	112,224
Amortization expenses	12,419	10,187
Expected credit loss	1,189	5,739
Net gain on financial assets and liabilities at fair value through profit or loss	(2,629)	(247)
Interest expenses	9,737	10,130
Interest income	(7,231)	(8,695)
Share-based remuneration cost	-	12,344
Share of profit of associates and joint ventures accounted for using the equity method	(10,296)	(8,472)
Loss (gain) on disposal of property, plant, and equipment	3,555	(885)
Gains on lease modifications	(449)	-
Total adjustments to reconcile profit (loss)	<u>127,032</u>	<u>132,325</u>
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	921	68
Decrease in notes receivable	39,666	6,995
Increase in accounts receivable and financial leases	(71,280)	(108,962)
Decrease in accounts receivable - related parties	7,654	16,953
Increase in other receivables	(2,230)	(450)
Decrease (increase) in inventory	(70,997)	100,789
Decrease (increase) in prepayments	39,247	(3,151)
Increase in other current assets	(7,286)	(1,971)
Increase in other financial assets	(1,182)	(28,493)
Increase in operating assets	(6,910)	(1,836)
Total net changes in assets related to operating activities	<u>(72,397)</u>	<u>(20,058)</u>
Decrease in financial liabilities at fair value through profit or loss	(19)	(489)
Increase in contractual liabilities	9,122	4,318
Increase (decrease) in notes payable	2,066	(811)
Decrease in accounts payable	(47,875)	(40,619)
Increase (decrease) in payables to related parties	(1,142)	832
Decrease in other payables	(20,123)	(27,257)
Decrease in other payables - related parties	(962)	(11,475)
Decrease in other current liabilities	(7,166)	(2,298)
Decrease in net defined benefit liabilities	(134)	(4,800)
Total net changes in liabilities related to operating activities	<u>(66,233)</u>	<u>(82,599)</u>
Total net changes in assets and liabilities related to operating activities	<u>(138,630)</u>	<u>(102,657)</u>
Total adjustment items:	<u>(11,598)</u>	<u>29,668</u>
Cash inflows from operations	345,645	345,923
Interest received	7,231	8,695
Interest paid	(9,737)	(10,130)
Income tax paid	(58,299)	(99,616)
Net cash inflow from operating activities	<u>284,840</u>	<u>244,872</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(45,000)	-
Acquisition of property, plant, and equipment	(235,158)	(20,921)
Disposal of property, plant, and equipment	2,737	1,457
Increase in refundable deposits	(47,583)	(29,469)
Decrease in refundable deposits	39,070	25,387
Intangible asset acquisition	-	(2,381)
Increase in prepayments for equipment	(24,399)	(20,187)
Dividends received from associates	4,274	4,289
Net cash outflow from investing activities	<u>(306,059)</u>	<u>(41,825)</u>
Cash flows from financing activities:		
Increase in short-term loans	1,727,987	1,091,565
Decrease in short-term loans	(1,361,565)	(1,405,332)
Repayments of long-term loans	(13,135)	-
Increase in guarantee deposits received	9,081	-
Decrease in guarantee deposits received	(9,241)	-
Lease principal payment	(54,588)	(53,127)
Cash dividends paid	(311,647)	(311,647)
Cash capital increase	-	498,750
Net cash outflow from financing activities	<u>(13,108)</u>	<u>(179,791)</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>4,580</u>	<u>1,175</u>
Increase (decrease) in cash and cash equivalents during the period	<u>(29,747)</u>	<u>24,431</u>
Cash and cash equivalents at beginning of period	<u>401,137</u>	<u>324,220</u>
Cash and cash equivalents at end of period	<u>\$ 371,390</u>	<u>348,651</u>

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

Chairman: Lee Chung-Liang

Executive: Chen Kuo-Shih

Chief Accountant: Chang Yaw-Yuan

Hi-Clearance Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months Ended September 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 November 8, 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"> • 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. • 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. • 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. 	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
			2024.9.30	2023.12.31	2023.9.30	
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%	
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

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
			2024.9.30	2023.12.31	2023.9.30	
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.

(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

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

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>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Cash on hand	\$ 428	481	476
Demand deposits	304,462	311,156	278,675
Time deposits	66,500	89,500	69,500
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 371,390</u>	<u>401,137</u>	<u>348,651</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>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate - fund	\$ 53,488	51,966	51,377
	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Financial liabilities held for trading:			
Forward foreign exchange contracts	\$ 35	240	-

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>2024.9.30</u>		
		<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>
Derivative financial liabilities:				
Forward foreign exchange contracts	USD 366	NTD to USD	2024.10.14	
		<u>2023.12.31</u>		
		<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>
Derivative financial liabilities:				
Forward foreign exchange contracts	USD 610	NTD to USD	2024.01.08~2024.02.15	

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

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Domestic unlisted (over-the-counter) stocks - Taiwan Depository & Clearing Corporation	\$ 268	268	268
Domestic unlisted (over-the-counter) stocks - EPED Inc.	32,433	-	-
Total	<u>\$ 32,701</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.
2. From January 1 to September 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>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes receivable	\$ 192,977	233,218	209,286
Long-term notes receivable	7,817	7,242	5,064
Accounts receivable	1,015,200	938,874	976,919
Receivables from related parties	77,426	85,080	97,553
Finance lease receivables	37,032	39,734	40,740
Long-term finance lease receivables	94,713	97,057	97,973
Overdue receivables	4,217	4,217	4,217
Deduction: Loss allowance	(29,401)	(28,151)	(25,266)
Net amount	<u>\$ 1,399,981</u>	<u>1,377,271</u>	<u>1,406,486</u>

For details regarding the Consolidated Companies' bills for collection deposited in banks in the amounts of NT\$184,159 thousand, NT\$220,652 thousand, and NT\$198,594 thousand, respectively, as collateral for 10-20% of the forward letters of credit as of September 30, 2024, December 31, 2023, and September 30, 2023, please refer to Note 8.

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

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Under 1 year	\$ 41,583	44,710	45,903
1-2 year(s)	31,197	28,383	29,878
2-3 years	22,103	19,196	19,330
3-4 years	15,498	12,414	13,528
4-5 years	8,310	9,598	9,435
Over 5 years	29,973	40,699	39,274
Total lease investment	148,664	155,000	157,348
Unearned financing income	(16,919)	(18,209)	(18,635)
Present value of lease payments receivable	131,745	136,791	138,713
Deduction: Loss allowance	(1,317)	(1,368)	(1,387)
Net amount	<u>\$ 130,428</u>	<u>135,423</u>	<u>137,326</u>
	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Overdue receivables	\$ 4,217	4,217	4,217
Deduction: Loss allowance	(4,217)	(4,217)	(4,217)
	<u>\$ -</u>	<u>-</u>	<u>-</u>

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:

	<u>2024.9.30</u>		
	<u>Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections</u>	<u>Weighted Average Expected Credit Loss Rate</u>	<u>Allowance for Expected Credit Losses During the Period</u>
Not overdue	\$ 1,382,728	0.32%	4,404
1-180 days overdue	22,802	10.27%	2,342
181-365 days overdue	4,905	75.60%	3,708
Over 366 days overdue	18,947	100%	18,947
	<u>\$ 1,429,382</u>		<u>29,401</u>

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

	2023.12.31		
	Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections	Weighted Average Expected Credit Loss Rate	Allowance for Expected Credit Losses During the Period
Not overdue	\$ 1,345,537	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	<u>16,908</u>	100%	<u>16,908</u>
	<u>\$ 1,405,422</u>		<u>28,151</u>

	2023.9.30		
	Carrying Amounts of Notes and Accounts Receivable, Finance Leases Receivable and Collections	Weighted Average Expected Credit Loss Rate	Allowance for Expected Credit Losses During the Period
Not overdue	\$ 1,381,415	0.05%	658
1-180 days overdue	29,928	14.77%	4,421
181-365 days overdue	6,559	96.62%	6,337
Over 366 days overdue	<u>13,850</u>	100%	<u>13,850</u>
	<u>\$ 1,431,752</u>		<u>25,266</u>

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

	January to September 2024	January to September 2023
Beginning balance	\$ 28,151	19,499
Recognized impairment loss	1,189	5,739
Foreign currency exchange gain/loss	<u>61</u>	<u>28</u>
Ending balance	<u>\$ 29,401</u>	<u>25,266</u>

(V) Inventories

	2024.9.30	2023.12.31	2023.9.30
Commodities	\$ 685,106	609,713	607,386
Goods in transit	<u>-</u>	<u>35,744</u>	<u>-</u>
	<u>\$ 685,106</u>	<u>645,457</u>	<u>607,386</u>

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

For the periods from July 1 to September 30, 2024, July 1 to September 30, 2023, January 1 to September 30, 2024, and January 1 to September 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\$468 thousand, NT\$9,408 thousand, NT\$1,451 thousand and NT\$17,914 thousand, respectively.

As of September 30, 2024, December 31, 2023, and September 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:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Associate	\$ <u>122,412</u>	<u>116,390</u>	<u>114,905</u>

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:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Closing aggregated carrying amount of interests in individually insignificant related parties	\$ <u>122,412</u>	<u>116,390</u>	<u>114,905</u>

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Equity owned by the Consolidated Companies:				
Net profit from ongoing operations for the current period	\$ 2,072	2,475	10,296	8,472
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ <u>2,072</u>	<u>2,475</u>	<u>10,296</u>	<u>8,472</u>

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

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

(VII) Property, plant, and equipment

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

	<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>
Cost:							
Balance as of January 1, 2024	\$ 412,632	455,875	4,565	83,044	417,090	-	1,373,206
Addition	206,218	1,276	951	5,156	21,557	-	235,158
Reclassifications	-	-	-	9,706	41,571	-	51,277
Disposal and obsolescence	-	-	-	(1,806)	(14,202)	-	(16,008)
Effects of exchange rate changes	-	-	-	17	1,079	-	1,096
Balance as of September 30, 2024	<u>\$ 618,850</u>	<u>457,151</u>	<u>5,516</u>	<u>96,117</u>	<u>467,095</u>	<u>-</u>	<u>1,644,729</u>
Balance as of January 1, 2023	\$ 412,632	426,833	1,877	64,701	423,601	17,003	1,346,647
Increase	-	6,310	2,616	5,101	3,659	3,235	20,921
Reclassifications	-	7,413	71	7,848	32,299	(7,675)	39,956
Disposal and obsolescence	-	-	-	(1,298)	(5,139)	-	(6,437)
Effects of exchange rate changes	-	-	-	2	474	-	476
Balance as of September 30, 2023	<u>\$ 412,632</u>	<u>440,556</u>	<u>4,564</u>	<u>76,354</u>	<u>454,894</u>	<u>12,563</u>	<u>1,401,563</u>
Depreciation:							
Balance as of January 1, 2024	-	67,549	1,984	35,864	206,259	-	311,656
Current year depreciation	-	8,358	388	10,827	42,583	-	62,156
Reclassifications	-	-	-	-	(206)	-	(206)
Disposal and obsolescence	-	-	-	(1,010)	(8,706)	-	(9,716)
Effects of exchange rate changes	-	-	-	4	188	-	192
Balance as of September 30, 2024	<u>\$ -</u>	<u>75,907</u>	<u>2,372</u>	<u>45,685</u>	<u>240,118</u>	<u>-</u>	<u>364,082</u>
Balance as of January 1, 2023	-	57,716	1,563	26,132	210,671	-	296,082
Current year depreciation	-	7,054	290	8,221	42,295	-	57,860
Reclassifications	-	-	-	-	(315)	-	(315)
Disposal and obsolescence	-	-	-	(1,290)	(4,575)	-	(5,865)
Effects of exchange rate changes	-	-	-	1	45	-	46
Balance as of September 30, 2023	<u>\$ -</u>	<u>64,770</u>	<u>1,853</u>	<u>33,064</u>	<u>248,121</u>	<u>-</u>	<u>347,808</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>
September 30, 2024	<u>\$ 618,850</u>	<u>381,244</u>	<u>3,144</u>	<u>50,432</u>	<u>226,977</u>	<u>-</u>	<u>1,280,647</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>
September 30, 2023	<u>\$ 412,632</u>	<u>375,786</u>	<u>2,711</u>	<u>43,290</u>	<u>206,773</u>	<u>12,563</u>	<u>1,053,755</u>

On July 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

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

intended for a warehouse expansion plan. The total transaction amount was NT\$206,218 thousand, and the land payment has been completed. The relevant ownership registration procedures were finalized on August 14, 2024.

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:

	Building and Construction	Transportation Equipment	Total
Costs of right-of-use assets:			
Balance as of January 1, 2024	\$ 781,067	1,309	782,376
Addition	112,881	-	112,881
Decrease	(37,572)	-	(37,572)
Balance as of September 30, 2024	\$ 856,376	1,309	857,685
Balance as of January 1, 2023	\$ 757,462	-	757,462
Increase	70,572	1,309	71,881
Decrease	(29,007)	-	(29,007)
Balance as of September 30, 2023	\$ 799,027	1,309	800,336
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2024	\$ 262,521	400	262,921
Current period depreciation	58,247	327	58,574
Decrease	(24,249)	-	(24,249)
Balance as of September 30, 2024	\$ 296,519	727	297,246
Balance as of January 1, 2023	\$ 250,713	-	250,713
Current period depreciation	54,066	291	54,357
Decrease	(26,267)	-	(26,267)
Balance as of September 30, 2023	\$ 278,512	291	278,803
Carrying amount:			
January 1, 2024	\$ 518,546	909	519,455
September 30, 2024	\$ 559,857	582	560,439
January 1, 2023	\$ 506,749	-	506,749
September 30, 2023	\$ 520,515	1,018	521,533

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

(IX) Investment properties

	<u>Land and Improvements</u>	<u>Building and Construction</u>	<u>Total</u>
Carrying amount:			
January 1, 2024	\$ 25,736	365	26,101
September 30, 2024	\$ 25,736	358	26,094
January 1, 2023	\$ 25,736	374	26,110
September 30, 2023	\$ 25,736	367	26,103

There were no significant additions, disposals, impairments, or reversals of investment properties of the Consolidated Companies during the period from January 1 to September 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 September 30, 2024, December 31, 2023, and September 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.

(X) Intangible assets

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

	<u>Goodwill</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2024 (opening balance)	\$ 116,961	119,910	236,871
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 September 30, 2023	\$ 116,961	119,910	236,871
Amortization:			
Balance as of January 1, 2024	\$ -	47,892	47,892
Current period amortization	-	12,419	12,419
Balance as of September 30, 2024	\$ -	60,311	60,311
Balance as of January 1, 2023	\$ -	34,309	34,309
Current period amortization	-	10,187	10,187
Balance as of September 30, 2023	\$ -	44,496	44,496
Carrying amount:			
January 1, 2024	\$ 116,961	72,018	188,979
September 30, 2024	\$ 116,961	59,599	176,560
January 1, 2023	\$ 116,961	61,791	178,752
September 30, 2023	\$ 116,961	75,414	192,375

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

As of September 30, 2024, December 31, 2023, and September 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>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank loans	\$ 300,000	-	100,000
Secured bank loans	157,987	91,565	81,565
Total	<u>\$ 457,987</u>	<u>91,565</u>	<u>181,565</u>
Unused credit line	<u>\$ 750,548</u>	<u>1,050,212</u>	<u>969,747</u>
Interest rate	<u>1.83%~2.00%</u>	<u>1.75%</u>	<u>1.70%~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:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Borrowing from non-financial institutions	\$ -	12,357	13,189
Deduction: Portion due within one year	-	-	-
Total	<u>\$ -</u>	<u>12,357</u>	<u>13,189</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 September 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>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Current	<u>\$ 77,050</u>	<u>71,364</u>	<u>71,184</u>
Non-current	<u>\$ 508,290</u>	<u>469,455</u>	<u>471,420</u>

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

Leases recognized in the income statement:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Interest expenses for lease liabilities	<u>\$ 2,055</u>	<u>1,569</u>	<u>5,709</u>	<u>4,734</u>
Changes in lease payments not accounted for in measurement of lease liabilities	<u>\$ 1,128</u>	<u>637</u>	<u>3,216</u>	<u>2,328</u>
Income from subleasing right-of-use assets	<u>\$ 13,613</u>	<u>21,079</u>	<u>57,611</u>	<u>62,163</u>
Short-term lease expenses	<u>\$ 341</u>	<u>311</u>	<u>1,058</u>	<u>625</u>
Expenses for low-value lease assets (excluding low-value short-term leases)	<u>\$ 51</u>	<u>673</u>	<u>136</u>	<u>1,909</u>

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

Leases recognized in the cash flow statement:

	January to September 2024	January to September 2023
Total cash flows on lease	\$ 64,707	62,723

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 September 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:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating costs	\$ 6	6	17	17
Operating expenses	1,432	1,427	4,289	4,283
Total	\$ 1,438	1,433	4,306	4,300

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

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:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating costs	\$ 747	725	2,203	2,182
Operating expenses	3,215	3,049	9,463	8,948
Total	<u>\$ 3,962</u>	<u>3,774</u>	<u>11,666</u>	<u>11,130</u>

(XVI) Income tax

1. Detailed breakdown of the Consolidated Companies' income tax expenses:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Income tax expenses	<u>\$ 20,982</u>	<u>18,719</u>	<u>69,690</u>	<u>50,917</u>

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

3. Income tax assessment

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

The income tax settlement declarations of Renalysis Medical Care, XinFu Healthcare, Sin Hwa, Sin Hwa Investment, HC-Healthcare income tax settlement declaration have been approved by tax authorities until 2022.

(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 September 30, 2024 and 2023. For related information, please refer to Note 6 (XVIII) of the 2023 Consolidated Financial Statements.

1. 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.

2. Capital surplus

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

	2024.9.30	2023.12.31	2023.9.30
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	497
	<u>\$ 1,601,988</u>	<u>1,601,988</u>	<u>1,601,988</u>

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

3. 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 an earnings distribution plan and submit for approval at the shareholders' meeting.

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

(1) 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	311,647	7.00	311,647

(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:

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

The Consolidated Companies have 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 September 30, 2023, compensation cost amounted to NT\$12,344 thousand and was recognized as labor expenses and classified under operating expenses.

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

(XIX) Earnings per share

The calculation of basic earnings per share is as follows:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Basic earnings per share				
Net income attributable to the Company for the current period	\$ 82,411	87,812	287,553	265,338
Net profit attributable to the common equity holders of the Company	<u>\$ 82,411</u>	<u>87,812</u>	<u>287,553</u>	<u>265,338</u>
Weighted average number of common shares outstanding (thousand shares)	<u>44,521</u>	<u>44,521</u>	<u>44,521</u>	<u>43,114</u>
	<u>\$ 1.85</u>	<u>1.97</u>	<u>6.46</u>	<u>6.15</u>
Diluted earnings per share				
Net income attributable to the Company for the current period	\$ 82,411	87,812	287,553	265,338
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)	<u>\$ 82,411</u>	<u>87,812</u>	<u>287,553</u>	<u>265,338</u>
Weighted average number of common shares outstanding (thousand shares)	44,521	44,521	44,521	43,114
Effect of potentially dilutive common shares:				
Effect of employee stock compensation (thousand shares)	26	22	32	30
Impact of stock option issuance (thousand shares)	-	-	-	112
Weighted average number of common shares outstanding (After adjusting for the effects of dilutive potential common shares) (thousand shares)	<u>44,547</u>	<u>44,543</u>	<u>44,553</u>	<u>43,256</u>
	<u>\$ 1.85</u>	<u>1.97</u>	<u>6.45</u>	<u>6.13</u>

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

(XX) Revenue from contracts with customers

1. Revenue breakdown

	July to September 2024		
	Hemodialysis		Total
	Division	Other Divisions	
Main markets in the region:			
Taiwan	\$ 720,788	282,865	1,003,653
China	-	1,986	1,986
Japan	248	-	248
Indonesia	3,159	-	3,159
	\$ 724,195	284,851	1,009,046
Main products/services:			
Dialyzer and blood tubing	\$ 330,799	-	330,799
Erythropoietin and liquid medications	319,544	-	319,544
Hemodialysis machine, maintenance and repair	40,081	-	40,081
Anesthesia and sleep	-	68,275	68,275
Lease income	1,788	49,854	51,642
Service revenue	3,512	31,793	35,305
Others	28,471	134,929	163,400
	\$ 724,195	284,851	1,009,046
July to September 2023			
	Hemodialysis		Total
	Division	Other Divisions	
Main markets in the region:			
Taiwan	\$ 715,603	260,536	976,139
China	-	4,379	4,379
Indonesia	3,930	-	3,930
	\$ 719,533	264,915	984,448
Main products/services:			
Dialyzer and blood tubing	\$ 335,595	-	335,595
Erythropoietin and liquid medications	300,595	-	300,595
Hemodialysis machine, maintenance and repair	48,539	-	48,539
Anesthesia and sleep	-	70,599	70,599
Lease income	1,335	47,478	48,813
Service revenue	3,454	31,698	35,152
Others	30,015	115,140	145,155
	\$ 719,533	264,915	984,448

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

January to September 2024			
	Hemodialysis		Total
	Division	Other Divisions	
Main markets in the region:			
Taiwan	\$ 2,133,447	918,213	3,051,660
China	-	4,799	4,799
Japan	248	-	248
Indonesia	14,168	-	14,168
	\$ 2,147,863	923,012	3,070,875
Main products/services:			
Dialyzer and blood tubing	\$ 1,008,427	-	1,008,427
Erythropoietin and liquid medications	916,030	-	916,030
Hemodialysis machine, maintenance and repair	119,785	-	119,785
Respiration and anesthesia	-	222,272	222,272
Lease income	5,050	147,316	152,366
Service revenue	10,249	94,395	104,644
Others	88,322	459,029	547,351
	\$ 2,147,863	923,012	3,070,875
January to September 2023			
	Hemodialysis		Total
	Division	Other Divisions	
Main markets in the region:			
Taiwan	\$ 2,120,731	773,619	2,894,350
China	-	10,840	10,840
Indonesia	8,437	-	8,437
	\$ 2,129,168	784,459	2,913,627
Main products/services:			
Dialyzer and blood tubing	\$ 991,750	-	991,750
Erythropoietin and liquid medications	892,251	-	892,251
Hemodialysis machine, maintenance and repair	143,274	-	143,274
Anesthesia and sleep	-	188,398	188,398
Lease income	3,042	142,834	145,876
Service revenue	9,889	94,276	104,165
Others	88,962	358,951	447,913
	\$ 2,129,168	784,459	2,913,627

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

2. Contract balance

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes receivable	\$ 192,977	233,218	209,286
Long-term notes receivable	7,817	7,242	5,064
Accounts receivable	1,015,200	938,874	976,919
Receivables from related parties	77,426	85,080	97,553
Finance lease receivables	37,032	39,734	40,740
Long-term finance lease receivables	94,713	97,057	97,973
Overdue receivables	4,217	4,217	4,217
Deduction: Loss allowance	(29,401)	(28,151)	(25,266)
Total	<u>\$ 1,399,981</u>	<u>1,377,271</u>	<u>1,406,486</u>
	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Contractual liabilities for maintenance and repair services	<u>\$ 41,755</u>	<u>32,633</u>	<u>30,557</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 September 30, 2024, and 2023 for the initial balance of contract liabilities as of January 1, 2024, and 2023, was NT\$8,574 thousand and NT\$8,265 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 September 30, 2024, December 31, 2023, and September 30, 2023, the total transaction price for the extended warranty service allocated to outstanding performance obligations, which has not yet been fulfilled, was NT\$41,755 thousand, NT\$32,633 thousand, and NT\$30,557 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:

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

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Remuneration for employees	\$ 1,068	1,044	3,581	3,127
Remuneration for directors and supervisors	3,202	3,131	10,743	9,380
	<u>\$ 4,270</u>	<u>4,175</u>	<u>14,324</u>	<u>12,507</u>

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>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Interest on bank deposits	\$ 803	713	2,646	2,802
Interest income on finance lease receivables	1,381	1,926	4,503	5,862
Other interest income	39	9	82	31
	<u>\$ 2,223</u>	<u>2,648</u>	<u>7,231</u>	<u>8,695</u>

2. Other income

Other income of the Consolidated Companies:

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Other income	\$ 1,594	2,740	12,145	6,376

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

3. Other gains and losses

Other gains and losses of the Consolidated Companies:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Gains (losses) on foreign currency exchange	\$ (7,907)	(1,190)	(942)	5,931
Gains (losses) on disposal of property, plant, and equipment	(4,649)	425	(3,555)	885
Net gain on financial assets at fair value through profit (loss)	286	(43)	2,629	247
Others	(7)	-	(747)	(610)
	\$ (12,277)	(808)	(2,615)	6,453

4. Finance costs

Finance costs of the Consolidated Companies:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Interest expenses	\$ 4,377	2,682	9,737	10,130

(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.

	Carrying Amount	Contract Cash Flow	Within 1 Year	1-5 Years	Over 5 Years
September 30, 2024					
Non-derivative financial liabilities					
Short-term loans	\$ 457,987	461,248	461,248	-	-
Notes payable	9,587	9,587	9,587	-	-
Accounts payable	633,294	633,294	633,294	-	-
Payables to related parties	1,140	1,140	1,140	-	-
Other payables	164,474	164,474	164,474	-	-
Other payables to related parties	13,703	13,703	13,703	-	-
Lease liabilities	585,340	630,193	84,815	280,389	264,989
Other forward exchange contracts	35	35	35	-	-
	\$ 1,865,560	1,913,674	1,368,296	280,389	264,989
December 31, 2023					
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	-	-

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

	Carrying Amount	Contract Cash Flow	Within 1 Year	1-5 Years	Over 5 Years
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	-	-
	\$ 1,535,215	1,570,759	1,060,112	266,473	244,174
September 30, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 181,565	181,813	181,813	-	-
Notes payable	6,814	6,814	6,814	-	-
Accounts payable	659,169	659,169	659,169	-	-
Payables to related parties	2,144	2,144	2,144	-	-
Other payables	168,784	168,784	168,784	-	-
Other payables to related parties	10,437	10,437	10,437	-	-
Long-term loans	13,189	14,411	372	14,039	-
Lease liabilities	542,604	576,770	77,299	252,112	247,359
	\$ 1,584,706	1,620,342	1,106,832	266,151	247,359

The Consolidated Companies do 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:

	2024.9.30			2023.12.31			2023.9.30			
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$	
<u>Financial assets</u>										
<u>Monetary items</u>										
JPY	\$	1,225	0.2223	272	34,345	0.2171	7,456	79,638	0.2160	17,202
USD		108	31.66	3,419	184	30.705	5,650	165	32.275	5,325
<u>Financial liabilities</u>										
<u>Monetary items</u>										
JPY		569,331	0.2223	126,562	489,429	0.2171	106,255	462,915	0.2160	99,990
USD		2,276	31.66	72,058	1,216	30.705	37,337	2,491	32.275	80,397

(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 September 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 September 30, 2024, and 2023, would decrease or increase by NT\$487 thousand and NT\$395 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 July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the foreign currency exchange gains and losses were NT\$(7,907) thousand, NT\$(1,190) thousand, NT\$(942) thousand, and NT\$5,931 thousand, respectively.

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

3. Interest rate analysis

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Variable rate instruments (book value)			
Financial assets	\$ 431,039	459,551	418,933
Financial liabilities	457,987	103,922	194,754

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

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at the report date. Floating rate assets 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 September 30, 2024, and 2023, would have decreased or increased by NT\$51 thousand and NT\$420 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):

	<u>2024.9.30</u>				
	<u>Carrying Amount</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss:					
Beneficiary certificate - fund	\$ 53,488	53,488	-	-	53,488
Financial assets at fair value through other comprehensive income	<u>32,701</u>	-	-	32,701	32,701
Total	<u>\$ 86,189</u>				
	<u>2023.12.31</u>				
	<u>Carrying Amount</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss:					
Beneficiary certificate - fund	\$ 51,966	51,966	-	-	51,966
Financial assets at fair value through other comprehensive income	<u>268</u>	-	-	268	268
Total	<u>\$ 52,234</u>				

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

	2023.9.30				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Beneficiary certificate - fund	\$ 51,377	51,377	-	-	51,377
Financial assets at fair value through other comprehensive income	<u>268</u>	-	-	268	268
Total	<u>\$ 51,645</u>				

(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).

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

(3) Fluctuations in level 3

	Measured at Fair Value through Other Comprehensive Income
January 1, 2024	\$ 268
Total Profit or Loss	
Recognized in other comprehensive income	(12,567)
Purchases	45,000
September 30, 2024	<u>\$ 32,701</u>
September 30, 2023 (opening balance)	<u>\$ 268</u>

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

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"> The price-to-sales ratio (as of September 30, 2024: 22.61) Lack of market liquidity discount (as of September 30, 2024: 15.7%). 	<ul style="list-style-type: none"> The fair value increases as the multiple and control premium increase The fair value decreases as the lack of market liquidity discount increases

(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:

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

	Input Value	Upward or downward	Fair value changes are reflected in other comprehensive income	
			Favorable Changes	Unfavorable Changes
September 30, 2024				
Financial assets at fair value through other comprehensive income	22.61	1%	318	(318)

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 September 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					
	2024.1.1	Cash Flow	New Lease	Lease Modifications	Exchange Rate Changes	2024.9.30
Short-term loans	\$ 91,565	366,422	-	-	-	457,987
Long-term loans	12,357	(13,135)	-	-	778	-
Lease liabilities	540,819	(54,588)	112,881	(13,772)	-	585,340
Guarantee deposits received	211	(160)	-	-	-	51
Total liabilities from financing activities	\$ 644,952	298,539	112,881	(13,772)	778	1,043,378

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

	Non-cash Transactions					
	2023.1.1	Cash Flow	New Lease	Lease Modifications	Exchange Rate Changes	2023.9.30
Short-term loans	\$ 495,332	(313,767)	-	-	-	181,565
Long-term loans	12,552	-	-	-	637	13,189
Lease liabilities	526,590	(53,127)	71,881	(2,740)	-	542,604
Guarantee deposits received	51	-	-	-	-	51
Total liabilities from financing activities	\$ 1,034,525	(366,894)	71,881	(2,740)	637	737,409

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:

Related Party	Relationship with the Consolidated Companies
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
Collins Co., Ltd.	Affiliate 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:

	Sales				Receivables from Related Parties		
	July to September 2024	July to September 2023	January to September 2024	January to September 2023	2024.9.30	2023.12.31	2023.9.30
Substantive related party: Yi Sheng Medical Care Co., Ltd.	\$ 46,736	80,654	147,228	256,711	49,578	72,017	84,868
Substantive related party: Xing Tian Medical Care Co., Ltd.	21,846	9,680	51,511	26,122	27,848	13,063	12,685
	\$ 68,582	90,334	198,739	282,833	77,426	85,080	97,553

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

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 July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the commission amounts were NT\$5,929 thousand, NT\$1,855 thousand, NT\$15,076 thousand, and NT\$8,582 thousand, respectively. As of September 30, 2024, December 31, 2023, and September 30, 2023, NT\$6,503 thousand, NT\$4,665 thousand, and NT\$3,237 thousand remain unpaid and are recorded under "Other Payables - Related Parties".

2. Purchases

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

	Purchases				Payables to Related Parties		
	July to September 2024	July to September 2023	January to September 2024	January to September 2023	2024.9.30	2023.12.31	2023.9.30
Associate	\$ 934	975	3,270	3,389	1,140	2,282	2,144
Substantive related party: Yi Sheng Medical Care Co., Ltd.	-	-	-	(23)	-	-	-
	<u>\$ 934</u>	<u>975</u>	<u>3,270</u>	<u>3,366</u>	<u>1,140</u>	<u>2,282</u>	<u>2,144</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		
	July to September 2024	July to September 2023	January to September 2024	January to September 2023	2024.9.30	2023.12.31	2023.9.30
Associate	\$ 14	14	43	43	-	-	-

4. Prepayments for equipment

Prepayments to Related Parties of the Consolidated Companies:

	2024.9.30	2023.12.31	2023.9.30
Affiliated Enterprise - Collins Co., Ltd.	<u>1,714</u>	-	-

On July 17, 2024, the Consolidated Company entered into a construction contract for a solar photovoltaic power generation system with its affiliated enterprise, Collins Co., Ltd. The total value of the contract, excluding taxes, is NT\$5,714 thousand. As of September 30, 2024, the Consolidated Company has made a payment of NT\$1,714 thousand, which is recorded under "Other Non-Current Assets - Other."

5. Labor expenses

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

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

	Amount of Transaction				Other Payables to Related Parties		
	July to September 2024	July to September 2023	January to September 2024	January to September 2023	2024.9.30	2023.12.31	2023.9.30
Parent Company: Collins Co., Ltd.	\$ 2,400	2,400	7,200	7,200	7,200	10,000	7,200

(IV) Major senior management personnel transactions

Major senior management personnel remuneration:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Short-term employee benefits	\$ 12,935	11,817	40,144	35,671

VIII. Pledged Assets

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

Asset Name	Collateral Pledged	2024.9.30	2023.12.31	2023.9.30
Restricted bank deposits (listed under Other Financial Assets - Current)	Performance guarantee/letter of credit limit	\$ 60,077	58,895	70,758
Land	Letter of credit limit/bank loan limit	107,873	107,873	107,873
Building and construction	Letter of credit limit/bank loan limit	50,946	52,134	52,530
		<u>\$ 218,896</u>	<u>218,902</u>	<u>231,161</u>

(II) As of September 30, 2024, December 31, 2023, and September 30, 2023, the Consolidated Companies have opened forward letters of credit amounting to NT\$551,465 thousand, NT\$459,066 thousand, and NT\$448,688 thousand, respectively, and have used bills for collection deposited in banks in the amounts of NT\$184,159 thousand, NT\$220,652 thousand, and NT\$198,584 thousand, respectively, as collateral for 10-20% of the forward letters of credit.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

	2024.9.30	2023.12.31	2023.9.30
Unused balance of issued letters of credit	\$ 287,270	213,055	230,998
Unrecognized contractual commitments for acquisition of property, plant and equipment	\$ 24,705	12,036	15,352

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

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date

The Consolidated Company, in consideration of group operations, resolved through a decision by the Board of Directors on November 8, 2024, to liquidate its subsidiary, XinFu Healthcare Corp. As of September 30, 2024, the carrying amount of the investment in the subsidiary, XinFu Healthcare Corp., held by the Consolidated Company using the equity method, is NT\$53,144 thousand.

XII. Others

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

Functions Characteristics	July to September 2024			July to September 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	15,193	63,155	78,348	15,386	81,791	97,177
Labor and health insurance	1,303	5,934	7,237	1,273	5,690	6,963
Pension expenses	753	4,647	5,400	731	4,476	5,207
Other employee benefits	538	2,572	3,110	392	1,940	2,332
Depreciation expenses	35,428	5,691	41,119	32,283	4,938	37,221
Amortization expenses	-	4,139	4,139	-	3,395	3,395

Functions Characteristics	January to September 2024			January to September 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	48,153	246,665	294,818	47,901	268,172	316,073
Labor and health insurance	4,071	19,303	23,374	4,058	18,484	22,542
Pension expenses	2,220	13,752	15,972	2,199	13,231	15,430
Other employee benefits	1,397	6,490	7,887	1,186	5,676	6,862
Depreciation expenses	104,045	16,692	120,737	97,971	14,253	112,224
Amortization expenses	-	12,419	12,419	-	10,187	10,187

(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 September 30, 2024, in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

- Loans provided for others: None.

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

2. 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	1,475,928	50,000	50,000	-	Promissory note 50,000	1.69%	1,475,928	Y	N	N
0	The Company	HC-Healthcare Co., Ltd.	2	1,475,928	120,000	120,000	97,987	Promissory note 120,000	4.07%	1,475,928	Y	N	N

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

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

- (1) Companies engaged in business transactions.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company directly or indirectly holds at least 90% of the voting shares.
- (5) Companies that are in the same industry that have mutual endorsements/guarantees in favor of each other, or those that enter in contracts with such provisions, for the purpose of contracting works.
- (6) A company that is endorsed/guaranteed by all of the contributing shareholders in proportion with their shareholding ratios due to a joint investment relationship.
- (7) Companies in the same industry who participate in the joint guarantee of performance for pre-sale house sales contracts in compliance with the Consumer Protection Act.

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	10,347	- %	10,347	
Sin Hwa Investment Co., Ltd.	SinoPac Global Multi Income Fund TWD Acc	-	Financial assets at fair value through profit or loss - current	1,000	11,561	- %	11,561	
XinFu Healthcare Corp.	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,264	31,580	- %	31,580	
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	32,433	4.87%	32,433	
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.

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

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	206,218	206,218	Chiayi County Government	Non-related party				-	Tender	Warehouse land	None

For further details, please refer to Note 6 (7).

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	147,228	(5.41)%	Net 90 EOM	-	-	49,578	4.48%	

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	3,033	Net 120 EOM	0.10%
0	The Company	Renalysis Medical Care Co., Ltd.	1	Accounts receivable	2,490	Net 120 EOM	0.05%
0	The Company	Renalysis Medical Care Co., Ltd.	1	Rental Income	1,690	Pursuant to the terms of the contract	0.06%
0	The Company	Sin Hwa Co., Ltd	1	Purchases	2,881	Net 30 EOM	0.09%
0	The Company	Sin Hwa Co., Ltd	1	Sales	1,420	Net 30 EOM	0.05%
0	The Company	HMI company	1	Sales	10,666	Net 270 EOM	0.35%
0	The Company	HMI company	1	Accounts receivable	10,666	Net 270 EOM	0.22%
0	The Company	HC-Healthcare Co., Ltd.	1	Accounts receivable	6,994	Net 120 EOM	0.14%
0	The Company	HC-Healthcare Co., Ltd.	1	Sales	16,928	Net 120 EOM	0.55%
0	The Company	HC-Healthcare Co., Ltd.	1	Other expenses	1,669	Net 120 EOM	0.05%

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

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

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

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 September 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%	87,970	(1,200)	(1,200)	(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%	254,824	47,327	47,325	(Note 1)
The Company	XinFu Healthcare Corp.	Sanchong District, New Taipei City	Medical management consulting services	50,000	50,000	5,000	100.00%	53,144	1,411	1,411	(Note 1)
The Company	Sin Hwa Co., Ltd.	Sanchong District, New Taipei City	Medical equipment trade	100,000	100,000	10,000	100.00%	114,983	10,419	10,419	(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%	84,262	6,565	6,565	(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%	136,863	1,024	1,466	(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%	63,339	16,189	4,857	
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%	59,073	27,199	5,439	
Succeed Agents Limited (B.V.I.)	Moral Well Co., Ltd.	Apia Samoa	Financial holding and investment	58,973	58,973	2,000	100.00%	32,376	(609)	(609)	(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%	52,792	(608)	(608)	(Note 1)

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

(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	63,300 (USD2,000) (Note 3)	(III)	20,785 (USD700)	-	-	20,785 (USD700)	(609) (USD19)	100.00%	(609) (USD19) (Note 2)	32,366 (USD 1,023) (Note 2)	-
Shanghai Shen Shang Technology Co., Ltd. (Note 4)	Medical software development and technical services	18,246(RMB)	(III)	-	-	-	-	-	6.20%	-	-	-

Note 1: Methods of investment are divided into the following three types:

- (1) Direct investment in mainland China.
- (2) Reinvestment in mainland China via a third-party company located in a different region.
- (3) Others.

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

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)	66,465 (US\$2,100 thousand)	1,771,113

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 September 30, 2024 (eliminated at the time of preparation of the Consolidated Financial Statements), please refer to the section "Information on Significant Transactions".

(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

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

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:

	July to September 2024			
	Hemodialysis Division	Other Divisions	Adjustment and Elimination	Total
Revenue:				
Revenue from external customers	\$ 724,195	284,851	-	1,009,046
Intersegment revenue	-	-	-	-
Total revenue	<u>\$ 724,195</u>	<u>284,851</u>	<u>-</u>	<u>1,009,046</u>
Reportable segment profit or loss	<u>\$ 84,580</u>	<u>29,578</u>	<u>-</u>	<u>114,158</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	July to September 2023			
	Hemodialysis Division	Other Divisions	Adjustment and Elimination	Total
Revenue:				
Revenue from external customers	\$ 719,533	264,915	-	984,448
Intersegment revenue	-	-	-	-
Total revenue	<u>\$ 719,533</u>	<u>264,915</u>	<u>-</u>	<u>984,448</u>
Reportable segment profit or loss	<u>\$ 64,141</u>	<u>38,017</u>	<u>-</u>	<u>102,158</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	January to September 2024			
	Hemodialysis Division	Other Divisions	Adjustment and Elimination	Total
Revenue:				
Revenue from external customers	\$ 2,147,863	923,012	-	3,070,875
Intersegment revenue	-	-	-	-
Total revenue	<u>\$ 2,147,863</u>	<u>923,012</u>	<u>-</u>	<u>3,070,875</u>
Reportable segment profit or loss	<u>\$ 250,228</u>	<u>89,695</u>	<u>-</u>	<u>339,923</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	January to September 2023			
	Hemodialysis Division	Other Divisions	Adjustment and Elimination	Total
Revenue:				
Revenue from external customers	\$ 2,129,168	784,459	-	2,913,627
Intersegment revenue	-	-	-	-
Total revenue	<u>\$ 2,129,168</u>	<u>784,459</u>	<u>-</u>	<u>2,913,627</u>
Reportable segment profit or loss	<u>\$ 205,958</u>	<u>90,431</u>	<u>-</u>	<u>296,389</u>
Reportable segment assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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.