

SHAREHOPE MEDICINE CO.,LTD.

ShareHope
盛弘醫藥股份有限公司
ShareHope Medicine Co.,Ltd.

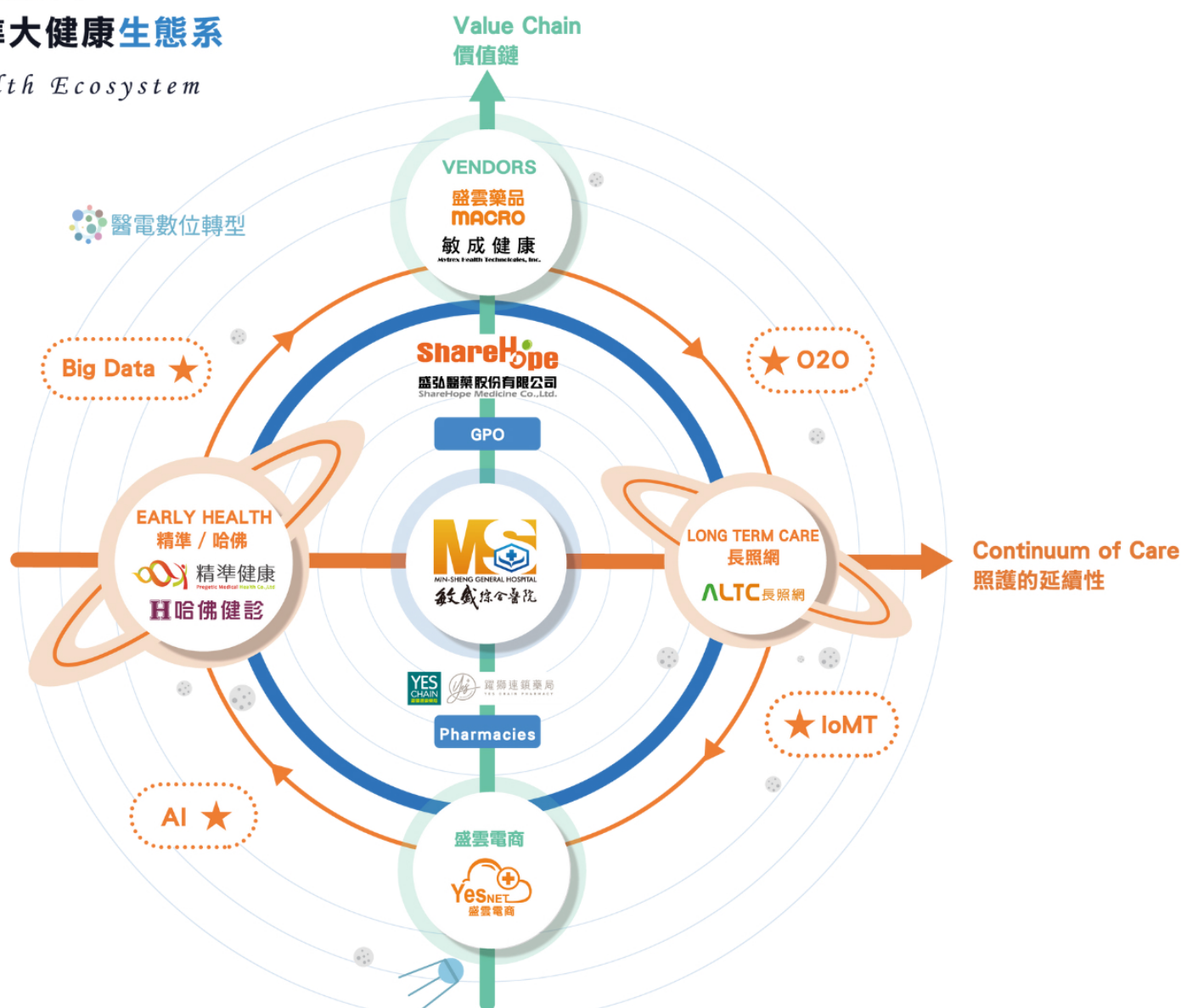
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2023 ANNUAL REPORT

ASIA'S LEADING HEALTHCARE ECOSYSTEM

敏盛醫療體系
精準大健康生態系

Health Ecosystem



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SHAREHOPE MEDICINE CO ., LTD.

2023 Annual Report

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5. The name of the trading place where overseas securities are listed and traded and the method of querying information about the overseas securities.

Not applicable to our company

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1. Report to shareholders

1.1 Business results for 2023

(1) Business plan implementation results

Our company 2023 The annual consolidated revenue was 3,873,384 thousand yuan, the after-tax net profit was 124,557 thousand yuan, and the earnings per share was 0.99 yuan. Both revenue and profit showed negative growth compared with the previous year, roughly returning to pre-epidemic levels.

Looking at the company's development from the 2023-year operating results, in addition to being affected by the reduction in business demand related to the epidemic, we plan to conduct reviews and streamline organizational operations for businesses with insufficient synergy. The operating performance of each subsidiary and sub-investment and the synergy of cooperation are the company's future business priorities to live up to the trust of shareholders.

A summary of operating results is as follows: A summary of operating results is as follows:

➤ Consolidated Financial Statements (Unit: thousand yuan)

	2023	2022
operating income	3,873,384	4,137,132
operating costs	3,147,007	3,153,221
Operating profit	726,377	983,911
operating expenses	712,564	732,370
Other income and expenses, net	105,286	87,575
operating profit	119,099	339,116
Operating incomeIncome and expenditure	(10,115)	822
Net profit before tax	108,984	339,938
income tax expense	53,719	95,828
Net profit for this period	55,265	244,110
Net profit for this period is attributable to:		
parent company owner	124,557	293,946
non-controlling interest	(69,292)	(49,836)

➤ Individual Financial Statement Summary

	2023	2022
Net profit for the year (thousand yuan)	124,557	293,946
Earnings per share: basic (yuan)	0.99	2.33
Earnings per share: diluted (yuan)	0.98	2.32

(Note) 2022 The year is retrospectively adjusted earnings per share.

(2) Analysis of financial revenue and expenditure and profitability

1. Financial revenue and expenditure

Unit: Thousands of New Taiwan Dollars

Project	2023	instruction
Cash and cash equivalent balances	1,535,182	
Net cash inflow from operating activities	257,133	Mainly due to the increase in profits from inspection business and hospital performance management fees collected this year.
Net cash outflow from investing activities	(227,603)	Mainly due to the purchase of business equipment.
Net cash outflow from financing activities	(180,388)	Mainly due to the subsidiary's repurchase of treasury shares, repayment of lease principal and payment of cash dividends.
The impact of exchange rate	(1,302)	
Year-end cash and equivalent cash	1,383,022	

2. Profitability analysis

Project	2023	2022
Return on assets (%)	1.11	4.03
Return on equity (%)	1.37	6.12
Operating profit to paid-in capital ratio (%)	9.45	28.25
Ratio of net income before tax to paid-in	8.65	28.32
Net profit margin (%)	1.43	5.90
After tax Earnings per share (yuan)	0.99	2.45

(3) research and development status

The company provides medical logistics services and its main focus is business and channel expansion. It is not a manufacturing company and has no R&D department.

Mincheng, a subsidiary of the company, adheres to the spirit of technological innovation, strengthens melt-blown core technology, applies it to products in people's livelihood, industry, and medical and biotechnology industries, and develops related processes and products. Continuous investment in R&D resources, whether it is equipment, funds, or recruitment of R&D talents with a master's degree or above, in terms of both soft and hard capabilities, can accelerate the development of new products and processes, and shorten the R&D process as the main goal. The R&D team is also constantly trying to develop products in new application areas required by different industries, including the feasibility assessment of new polymer materials in the melt-blown process, and the continuous development of special non-woven composite processes.

1.2 Summary of 2024 business plan

(1) Business policy

Medical circulation career:

- Pharmaceutical joint procurement platform: Including medicines, hygiene materials, home care products, etc.
- Pharmaceutical and sanitary material warehousing and logistics management.
- Professional information consultation and services on pharmaceuticals and health materials.
- Distribution and agency of medicines, health foods and cosmeceuticals.

Specialist services career:

- Medical equipment leasing: including the sale and leasing of medical equipment, engineering, surgical instruments, information software and hardware, and other specific equipment.
- Follow-up services for leasing medical equipment: including maintenance (Original factory or subsidiary factory), repair and related maintenance consultation, and assist in the disposal of second-hand instruments and equipment.
- Project leasing: Tailor-made according to customer needs, modularizing products and services to provide customers with complete and appropriate leasing projects.
- Professional consultation: Provide evaluation related to the construction, purchase and update of medical equipment, software and hardware consulting related to the construction of medical institutions, large-scale medical equipment construction and cooperation consulting; medical specialty graphic regulations,

engineering design and cooperation consulting.

---Specialty operation: Cooperate with the medical specialties of medical institutions to provide high-end medical equipment for specialist operation. Combining medical professions and equipment supply chains, we provide more advanced and professional medical services to the medical public, and can assist with space and engineering design and planning suggestions.

Health management business:

--- Medical health examination management consulting and entrusted operation services.

--- Medical testing laboratory management consulting and entrusted operation services.

--- Integrated marketing of medical test-related instruments, reagents, and consumables.

--- Medical manpower planning and dispatch services.

--- Clinic planning and setup.

--- Workplace health management consulting services.

Dialysis service business

---Provide dialysis center logistics support, including equipment rental, supply of medicines and sanitary consumables.

(2) Expected sales quantity and basis

1. Pharmaceutical supply services

The Minister of Pharmaceutical Circulation has been working on a drug and sanitary material supply platform for a long time. It has excellent supply chain management and procurement cost advantages, forming sufficient conditions for integrated joint procurement, and then strives for preferential conditions through collective bargaining to reduce the cost of drug and sanitary material procurement.

We have continued to invest in Yueshi Health Co., Ltd., and have successively established many pharmacies across Taiwan, and have targeted the chronic prescription and over-the-counter drug market. In recent years, due to the wide range of chronic diseases in Taiwan's medical market, long-term prescriptions and self-paid drugs have increased year by year, driving Taiwan's pharmacies. The market is gradually growing.

2.Specialist service career

The equipment rental business and medical institution service management have continued to grow steadily and dynamically with the company's overall business expansion.

In addition, the Specialty Services Department will focus more on the cooperative operation of medical specialties, and carry out a mutually beneficial development model that combines specialist operations with equipment leasing and medical management. It will cooperate with the development and layout of each business unit of the group and continue to deepen business depth and breadth and explore new drivers of growth.

3. Health management services

After the impact of the epidemic, people have become more aware of health and pay more attention to personal health. Therefore, the number of people undergoing physical examinations and personal health examinations in China have hit a record high in both the number of people examined and the operating income of units affiliated to the Health Management Department. The number of migrant workers undergoing physical examinations for foreigners has also increased significantly. The main factors are the impact of domestic labor shortages and the adjustment of operating strategies of peer hospitals. In 2023, through the joint efforts of the team, many important physical examination contracts have been successfully renewed, laying a good foundation for the improvement of the future health examination business. In addition, We also continue to expand our health examination service team and Continue to strengthen cost control to continuously improve service quality and satisfaction, and build customer loyalty and company brand image. In addition to making every effort to expand business and achieve budget targets, we will also expand the level of operations in accordance with the company's mid- to long-term strategic direction and build a base for health inspection services in Taiwan.

With the changes in the medical environment and the instability of health insurance policies, many medical institutions have switched to single-supplier services for medical testing laboratories in order to improve operations. This allows hospitals to quickly acquire professional skills and resources, continuously improve quality, and enhance customer satisfaction. In order to reduce operating costs and achieve a win-win goal. The company's health management department has developed mature medical testing technology and professional management methods with rich experience. At the same time, it is matched with professional planning of equipment rental services and integration with external testing reagent manufacturers. It has strong capabilities in contracting related businesses. Competitive advantage. In addition, in response to the second quarter of 2024, "Next Generation Sequencing" (NGS) will be included in health insurance benefits; and the Ministry of Health and Welfare will amend the "Regulations on the Implementation or Use of Specific Medical Technology Inspection and Testing Medical Instruments" in 2021 (referred to as the "Special Control Law"), for the genetic testing items developed by the laboratory, we have also established a complete evaluation and application process to assist in the evaluation and

selection of appropriate tests when there is a need for clinical diagnosis and treatment. Inspection agencies provide necessary inspection services.

In terms of health management and medical manpower support, With the strong backing of the medical group's medical staff, supply Occupational safety and health Management related services, including on-site medical manpower services, workplace health management planning, and remote care, etc., In addition to having a rich talent pool with a complete range of disciplines, we continue to improve the quality of talents through professional training. We have recently developed a "Factory Health Service Information System" to provide clients with objective data analysis, identification of service demand points, medical manpower management, etc. The most appropriate and high-quality health management care and medical professional manpower dispatch and management services.

4. Dialysis Division

Combined with the company's business units, continue to expand each dialysis center Logistical support, including equipment rental, supply of medicines and sanitary consumables.

(3) Future company development strategy

2024 company Four major policies for development:

- 1, Expand and Solid core business.
- 2, Develop new ventures.
- 3, Build a professional brand.
- 4, Shape a culture of discipline.

1.3 Impact of external competitive environment, regulatory environment and overall operating environment

With the rise of preventive medicine, the health examination market has become the hottest industry. According to estimates, the domestic health examination market will reach approximately 200 billion. In terms of regulatory environment, in recent years, due to the government's emphasis on the workplace environment, labor safety, and occupational medicine, and the concept of continuous quality improvement driven by certification in the medical field, the competent authorities have revised The "Occupational Safety and Health Law" protects the safety of workers in the workplace, and formulates "Labor Health Protection Rules" and "Regulations on the Accreditation and Management of Medical Institutions for Handling Labor Physical and Health Examinations" to ensure the quality of labor physical examinations. The first thing that will be affected is the labor physical examination business and the factory medical manpower dispatch business, which will have a significant impact, which will also give

the company new opportunities for this business. Therefore, it is imperative to improve internal management performance, improve internal operating efficiency and reduce costs, so as to effectively improve service quality and complete customer relationship management, so that the business model of automated mass production can be replicated in large quantities to establish economic scale and become a global The largest health management platform.

In terms of pharmaceutical supply services, due to health insurance total amount policy of Impact, medical facilities and health insurance pharmacies Facing health insurance income Limited growth, point value calculation and reduce cost many heavy pressure Down, must be through joint procurement by drop low operating become Book. therefore, Toward a new business model that obtains pharmaceutical custody and pharmaceutical purchasing authorization for medical institutions, and Continue to carry out vertical integration and management of the supply chain and effectively develop sales channels to achieve horizontal integration synergies.

Shenghong transfer investment Leap Lion Pharmacy and Leap Lion Health in recent yearsexist Chain pharmacies set up across Taiwan, there are now nearly a hundred Home Pharmacy, becoming an important player in deeply cultivating community medical services. base. Among them, Taoyuan's franchise pharmacies Combining the resources of Minsheng Medical System nearby, Develop long-term care institution medication evaluation business and home care medicine provision services, Allowing patients with medical records and in need of health consultation to receive complete and professional services in the community will also help expand the pharmaceutical distribution business., and also received support and feedback from end consumers.

In terms of equipment rental, in order to cope with Bad environment and the impact of the new coronavirus epidemic, financial institutions have lowered interest rates one after another. The industry has entered an era of low profits. Equipment leasing owners have also requested reductions in rent and interest rates, which has reduced the company's profits; in addition to providing cooperative medical and industrial services and medical service Management and engineering suggestions serve as the added value of equipment leasing. At the same time, in order to respond to market demand and strive for greater profits, the direction is to merge agents or obtain agency rights for important medical equipment and special materials, and provide cooperative organizations to establish instrument-centered Medical specialty cooperative operation and management service model, and integrate upstream and downstream aspects from product sales, leasing, operation management,

maintenance and second-hand instrument resale, and think about A The layout of I Smart Medical is expected to develop more comprehensive and professional medical leasing services.

Dialysis business segment, Actively integrate the system's hospital-side and external dialysis business, continue to improve the department's functions within the system's medical ecosystem, and combine the system's own advantages in medical services, pharmaceuticals and health materials, equipment leasing, etc. to provide complete logistics for dialysis centers support.

This year our company will be committed toLaying out the medical business ecosystemOperations, striving for sustained growth, while focusing on six main axes as the focus of operational development, namely: pharmaceutical services Echange, Pharmacy physical access, Expand medical service base, enter the upstream field of medical materials, Smart medical and health examination business operation and management. It is expected that with the active introduction of innovative models and the synergy of the group's resource integration, the annual operation will have the opportunity to reach new heights.

Chairman Hung-jen Yang

2. Company Profile

2.1 Date of establishment : November 4, 2003

2.2 Company history

year	Important Chronicles
2003	In November, Minsheng Medical Holdings Co., Ltd. invested 10 million yuan to establish Shenghong Pharmaceutical Co., Ltd. In the early stage, the main business scope was to construct a joint drug procurement system and develop the peach and bamboo seedling drug market.
2004	Actively establish a joint drug procurement mechanism and develop chain pharmacy channels.
2005	The Health Management Department was formally established to be responsible for the development and implementation of the health inspection market in Taozhumiao area.
2006	Actively expand health check-up and inspection-related businesses and develop a large number of Chinese and foreign health check-up customers.
2007	<ul style="list-style-type: none">• The pharmaceutical business department was formally established to be responsible for the procurement and sales of Minsheng Medical System and related enterprises, and established a joint drug procurement channel for chain pharmacies such as Dashu Pharmacy and Boden Pharmacy.• The Equipment Service Department was formally established to be responsible for the procurement and leasing of medical instruments and equipment for Minsheng Medical System and related enterprises.• In order to expand the scale of operations, the shareholders' meeting decided to increase capital in cash from the original capital of 10 million to 210 million..
2008	<ul style="list-style-type: none">• A professional manpower department was formally established to be responsible for the on-site services of professional medical manpower, and signed cooperation contracts with listed OTC manufacturers such as TSMC and AU Optronics.• Processed the first cash capital increase through public offering, increasing capital to RMB 231 million.• Cooperated with Jiuyu Enterprise (Co., Ltd.) to formally establish the country's first hospital pharmaceutical logistics supply system.• The joint procurement business of health materials was officially incorporated into the Pharmaceutical Division and renamed the Pharmaceutical Distribution Department.• The surplus was converted into a capital increase of RMB 19 million, and the capital was increased to RMB 250 million.

year	Important Chronicles
	<ul style="list-style-type: none"> • Shenghong Taipei office was officially established. • DecemberIt was officially launched on the 24th.
2009	<ul style="list-style-type: none"> • Shenghong's own brand skin care products and health foods are officially launched. • The ERP information system was officially introduced and successfully launched in September. • The "Intelligent Innovative Nursing Service Construction Plan for Discharged Patients" won the Industry Expert Grant from the Ministry of Economic Affairs. • In order to promote the listing, experts from industry and academia such as Professor Huang Chongxing of National Taiwan University are invited to serve as independent directors and supervisors. • In order to enrich working capital, a cash capital increase of 30 million yuan was completed, and the capital increased by 301,500 yuan. • Converted investment to establish Smart Medical Technology Co., Ltd. and established SmartCareCenter. • In order to develop mid-level health check-up services, Yu Minsheng's General Hospital of Economics formally established a health management center.
2010	<ul style="list-style-type: none"> • In January, 1,000 units of employee stock options were issued, and each unit can subscribe for 1,000 shares. It also invested in Mincheng Co., Ltd. to provide hospital medical and sanitary materials and expand the company's product line. • In February, a cash capital increase of 49,980,000 yuan was processed for the reinvestment in Mincheng Co., Ltd., and the capital increased to 351,480,000 yuan. • AugustMedical imaging interpretation center established in Beijing. • AugustShenghong cooperates with Crystalvue Corporation. • In September, the surplus and employee bonuses were transferred to capital increase of RMB 29,618,000, and the capital increased to RMB 381,098,000. • SeptemberShenghong Pharmaceutical Co., Ltd. has cooperated with 100 health insurance pharmacies in Taoyuan County to develop a new channel for pharmacies.

year	Important Chronicles
2011	<ul style="list-style-type: none"> • In January, it transferred investment to establish Qibang Technology Co., Ltd. to expand the sales of medical specialties and materials, and cooperate with hospitals to operate specialized businesses. • In March, it was successfully listed on the OTC market; another cash capital increase of 40,820 thousand yuan was processed, and the capital increased to 421,918 thousand yuan. • In July, it transferred investment to establish Yongyang Co., Ltd. to expand long-term care and services for seniors. • In August, it transferred investment to Macron Co., Ltd. to actively expand pharmaceutical channels, integrate products of drugs and sanitary consumables, and provide channel customers (medical institutions) with one-stop purchasing needs. • In August, the surplus and employee bonuses were transferred to capital increase of RMB 12,658,000, and the capital increased to RMB 434,576,000. • In September, Shenghong Pharmaceutical won the Silver Award for Biomedicine in the "2011 Taiwan Biomedicine and Farmers Talent Competition" and took home a prize of NT\$200,000.
2012	<ul style="list-style-type: none"> • In April, the subsidiary Mincheng Co., Ltd. increased its capital by RMB 41,770,000. • In May, Shenghong Pharmaceutical issued its first domestic unsecured convertible corporate bonds, with a total issuance amount of 170,000 yuan. • In August, it transferred investment to Bohui Biotechnology Co., Ltd. and entered the field of plasma preparation development and manufacturing. • A remuneration committee was established in August. • In October, it transferred investment to establish Shenghong Pharmaceutical (Hong Kong) Co., Ltd. • In October, the capital was increased to 512,971 thousand yuan through the conversion of profits into capital, the exercise of stock options by employees and the conversion of convertible corporate bonds into shares.
2013	<ul style="list-style-type: none"> • In March, it transferred investment to establish Minsheng (Tianjin) Investment Management Co., Ltd. to develop cross-strait business cooperation. Our team regularly goes to Wangwang Hospital in Changsha, Hunan and Beijing Yanran Angel Children's Hospital to provide guidance on matters related to JCI international certification. • In March, the Taichung branch of Shenghong Pharmaceutical Co., Ltd. was established. • In August, Shenghong Pharmaceutical issued its second domestic unsecured conversion corporate bond with a total issuance amount of 500,000 yuan. • In August, it transferred investment to Shengkang Pharmaceutical Co., Ltd. and officially entered the pharmacy channel platform. • In August, the long-term care business department was added to effectively

year	Important Chronicles
	<p>integrate the long-term care institutions within the group and actively expand the long-term care territory through corporate management.</p> <ul style="list-style-type: none"> • In September, it acquired 28.74% of the shares of the subsidiary Asia Pacific Health Company, which increased the company's shareholding ratio in the subsidiary Asia Pacific Health Company from 71.26% to 100%. • In November, we developed the innovative model of "Happy Living in Multiple Locations for Seniors on Both Sides of the Taiwan Strait" and introduced the long-established "one card, multiple locations" system abroad to arrange a first group of seniors to go to the mainland for trial stays and visits.
2014	<ul style="list-style-type: none"> • In January, the company transferred investment to establish Minsheng Yiren (Beijing) Medical Investment Consulting Co., Ltd. • In April, the "Longmin Nursing Home" of the long-term care division was officially opened, providing "integrated medical and health care" integrated care. • In May, she guided Beijing Yanran Angel Children's Hospital to successfully pass the JCI evaluation and become the first JCI fifth edition certified hospital in Asia. • In June, the reinvested Minsheng Yiren (Beijing) Company signed a JCI tutoring contract with Wuhai People's Hospital of Inner Mongolia. • In July, the subsidiary Asia Pacific Health Company increased cash capital by RMB 40,000. • In August, it invested RMB 25,000 in China Development Medical Venture Capital Co., Ltd., with a shareholding ratio of 2.86%. • In September, the Dayuan Kidney Dialysis Center opened, providing dialysis treatment to residents in Dayuan, Guanyin and Xinwu districts of Taoyuan City, and cooperating with health authorities to promote early-stage chronic kidney disease prevention. • In September, it participated in the cash capital increase of RMB 2,500,000 in Shengkang Pharmaceutical Co., Ltd. • In December, the long-term care division cooperated with Sichuan Yangcheng Jinhai Company to establish Taiwan Minsheng Day Care Center in Panzhihua City, Sichuan Province.
2015	<ul style="list-style-type: none"> • In January, the subsidiary Asia Pacific Health Management transferred its shares to Shilu Company. • In February, Minsheng Pharmaceutical Co., Ltd. was invested and established, and it is expected to open 10 community pharmacies in Taoyuan City. • In March, the reinvested Minsheng Yiren (Beijing) Company signed a comprehensive strategic cooperation agreement with Anhui Danfeng Chaoyang Investment Management Co., Ltd. • In March, the long-term care division assisted "Taiwan Minsheng Day Care Center" in Panzhihua City, Sichuan Province to build a full-care center to

year	Important Chronicles
	<p>provide full-day care services. "Taiwan Minsheng Day Care Center" was renamed "Taiwan Minsheng Elderly Care Center".</p> <ul style="list-style-type: none"> • In September, subsidiary Macron obtained the distribution rights for influenza and tetanus vaccines from Guoguang Company. • In October, it entered the professional field of ophthalmology and established the "Bladeless Femtosecond Laser Cataract Treatment Center". • In December, the board of directors entered the mainland medical management market by acquiring the shares of Nanjing BenQ Hospital Co., Ltd. and Suzhou BenQ Hospital Co., Ltd. from the third regional holding company. • In December, the subsidiary Smart Medical Technology was registered in the innovative version, code-named 7489. • In December, the "Home Service Transfer Care Platform" of the long-term care division was officially launched. • In December, the long-term care division's "Minsheng Nursing Home" officially started construction.
2016	<ul style="list-style-type: none"> • In February, Minsheng Pharmaceutical entered the Hsinchu area and opened a community chain pharmacy. • In March, the subsidiary Smart Medical Technology cooperated with the Hsinchu Blood Donation Center to establish the "Zhuke Blood Donation Room" and set up a "Diabetes and Weight Loss Management Center" at the Zhuke Staff Clinic. • In September, its subsidiary Smart Medical Technology acquired 51% of the equity of HIS manufacturer Fangding Company. • In October, the overall transaction structure of long-term care institutions was transformed. Based on the concept of "separation of production and sales" for long-term care, the subsidiary Smart Medical Technology was adjusted to be the sales integration platform of long-term care institutions. The long-term care business department is responsible for the operation and management services of long-term care institutions. • In November, the Taoyuan District Pharmacy operating model was adjusted and a 30% stake in Minsheng Pharmaceutical was purchased from Shengkang Company, bringing the total shareholding to 100%.

year	Important Chronicles
2017	<ul style="list-style-type: none"> • In January, the long-term care division's "Minsheng Nursing Home" was opened. It proposed "dignity, longevity, health, and happiness" and hoped that long-term care institutions would be deeply involved in the local area and provide the highest quality services. • Subsidiary Intelligent Medicine Department in MayTechnology established Shengyun E-commerce (Co., Ltd.), hoping to establish an e-commerce platform through the cloud electronic medical record system and create an innovative shared economic platform for the pharmaceutical industry. • In June, the dialysis specialty operation of Min Sheng General Hospital was officially launched. • In July, the "Minsheng Precision Medicine Health Clinic" was established and officially unveiled on July 20 at Taoyuan Minsheng Hospital-Jingguo General Hospital. • In July, the long-term care institution App and the national long-term care bed matching platform (ALTC) developed by the subsidiary Smart Medical Technology were officially launched. The short-term goal is to use platform marketing as the main axis of business development. • Q4 subsidiary Shengyun E-commerce invested in Yaosheng Information Technology (Co., Ltd.)The company hopes to effectively integrate pharmaceutical e-commerce platform channels. • In December, it invested and established Precision Health (Co., Ltd.).
2018	<ul style="list-style-type: none"> • In February, Shenghong Pharmaceutical issued its third domestic unsecured conversion corporate bond with a total issuance amount of 150,000 yuan. • AprilApply for cash capital increase 450,000Thousand yuan, capital amountIncreased to 927,978Thousand yuan. • In May, the company acquired the equity of Yeschain Pharma Ltd. (BVI) in the British Virgin Islands through a share exchange of 170 million yuan, and the merger was completed.Later, the number of self-owned pharmacies reached 104, ranking among the top three chain pharmacies in Taiwan. • In May, in order to strengthen the development of the e-commerce platform, the shares of Shengyun E-commerce (Co., Ltd.) were purchased from its subsidiary Zhike100million shares, with a shareholding ratio of 62.5%. • 6Monthly Health Management DepartmentWe have cooperated with Catholic Yonghe Gengsin Hospital in high-end health examination business, officially entering the Greater Taipei area market. • In June, in response to the expansion of new pharmacies and channels, it was planned to re-adjust the pharmacy channel layout, so the equity of Shengkang Pharmaceutical (Co., Ltd.) Co., Ltd. was disposed of. • In November, the subsidiary Shengyun E-commerce (Co., Ltd.) increased its capital by 55,000 yuan, bringing the total shareholding to750million shares, the shareholding ratio is57.69%. • In December, the equity of the subsidiary company Smart Medical Technology (Co., Ltd.) was sold to"Xiangbao Zunrong Long-term Care

year	Important Chronicles
	<p>Group" also introduces strategic investors to jointly develop the long-term care electronic platform ALTC.</p>
2019	<ul style="list-style-type: none"> Subsidiary Leap Lion in April(share)Leap Lion under the companyChain pharmacies and the Information Policy Association work together to build Taiwan's first smart pharmacy, "Leap Lion Chain Pharmacy Smart No. 1 Store", planningTransformed into a "community health consultant", the goal is to create a personal health map for the public and provide them with health services from the hospital to at home. AprilIn order to seize the business opportunities of precision medicine, its subsidiary Precision Health acquired the Harvard Medical Examination Center for 98,880 thousand yuan, and the transaction was completed in August of the same year.,Officially entered Harvard and completed the integration of the group's health examination industry;In the future, the public will be provided with a complete health care service model from health management, prevention, diagnosis and treatment to home care. In September, it signed a strategic cooperation agreement with Yousheng Medical (4121), announcing that the two major chain pharmacy systems of both parties, "Leap Lion" and "Youquan Healthy Life", will try strategic cooperation in stages and move towards becoming the leading chain pharmacy in Taiwan. .
2020	<ul style="list-style-type: none"> In March, Harvard Health Clinic, a subsidiary of Precision, obtained the JCI International Medical Quality Certification, becoming the first independent health clinic center in Taiwan with international quality certification. 1In February, the company signed the "Precision Health Ecosystem Strategic Alliance" with the Information Industry Strategy Council (Information Industry Strategy Council), and worked together to create a "precision health ecosystem" for Taiwan.planningCombining the energy of Yueshi Pharmacy Chain, Harvard Health Clinic, Shengyun E-commerce and other related enterprises, through the integration of online and offline (OMO, Online-Merge-Offline), the traditional medical service model is turned over. Passed in DecemberOur company, Precision Health, participates in the operation of Fuyi Health Management Co., Ltd. (referred to as Fuyi) by exchanging shares.;Fuyi acquired 42.61% of the equity of Precision Health, and Shenghong held 57.39% of the equity of Precision Health.;Fuyi is a 100% owned subsidiary of Precision Health. Precision Health leads the business promotion. Fuyilt will become Precision Health's second health clinic location in the Taipei metropolitan area.

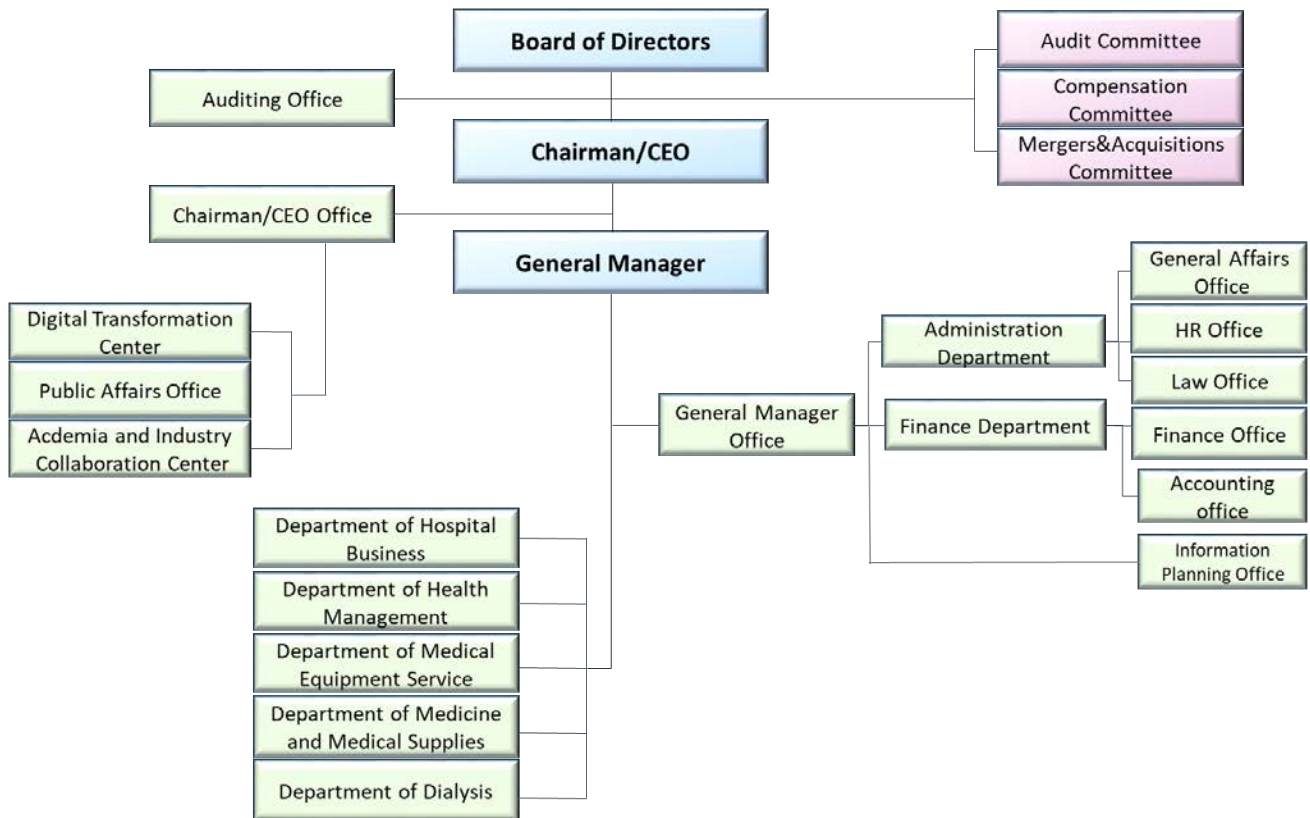
year	Important Chronicles
2021	<ul style="list-style-type: none"> • In March, the new Minshengyuan outpatient center of the Dialysis Division - Shengren Clinic was officially put into operation. • 4Harvard Medical Clinic, a subsidiary of Precision Health, signed a medical strategic alliance agreement with the Medical Clinic founded by Li Yuande, the former dean of Taiwan University. • 10Yang Hongren, CEO of Yueshenghong, won the IDC (International Data Information) Future Enterprise Award—2021CEO (CEO of the Year).
2022	<ul style="list-style-type: none"> • In January, it spent nearly 1.2 billion yuan to acquire the property rights of Taoyuan Hanpin Hotel, which is planned to be converted into a forward-looking smart medical center, hoping to build Taiwan's first smart medical city, Smart Medical Mall. • In August, its subsidiary Precision Health established a partnership with Inventa, integrating its product HealthBee Precision Digital Health APP with FamilyMart, introducing it to Dayuan and Guanyin Industrial Zone factories for use, and upgrading traditional employee health examinations to "personalized Health testing platform". • In October, Shengyou Rehabilitation Technology, a subsidiary of Mincheng Health, cooperated with local rehabilitation doctors in Tainan to establish Tainan Shengyou Clinic. It combined Shenghong's hospital management technology and the group's pharmaceutical, health examination, pharmacy and other resources to create a The Proof of Concept (POC) of the smart medical city is a mini smart medical city that combines a pharmacy, health examination, rehabilitation clinic and rehabilitation treatment center to provide technological and humanized services. • combined in decemberMedical Electronics Digital and Fangding Information under Shengyun E-commerce, a subsidiary of Shengyun E-commerce, have worked together with National Yang-Ming Chiao Tung University to develop a Hermes medical smart voice system dedicated to the field of medical care and general health to help optimize the workflow of front-line medical service personnel. The input function of high-precision speech recognition is the first step in the digital transformation of medical institutions. • In December, subsidiary Mincheng Health spent 230 million yuan to purchase all of Yueshi Health, a subsidiary of subsidiary Shengyun E-commerce, in order to effectively utilize company resources and transform into the biotech medical industry. The equity is expected to be discussed at an extraordinary shareholder meeting on February 8 next year, and the delivery will be completed in the first quarter of next year at the earliest.

year	Important Chronicles
2023	<ul style="list-style-type: none"> • In September, the entire equity of Yueshi Health, a subsidiary of Shengyun E-commerce, was completed and transferred to its subsidiary Mincheng Health. • In May, the subsidiary Shengyun E-commerce was renamed "Smart Medical City Co., Ltd." • In October, Shenghong joined hands with Microsoft to use cloud and AI Technology promotes smart medical and health innovation applications, using Minsheng Smart Medical City as a demonstration base in Taiwan to create a dedicated medical ChatGPT. • December Shenghong joined the "Enterprise Management and Development Industry-Academic Alliance" of the School of Management of Yuanze University, hoping to establish an effective learning and complementary platform through the joint participation of academic and industry members, strengthen its own business management and sustainable development capabilities, and at the same time improve World competitive potential. • In December, the Minsheng Smart Medical City and Minsheng Smart Outpatient Center under Shenghong's subsidiary Smart Medical City Co., Ltd. officially opened. This is the first smart medical care center in Taiwan that combines smart medical care, health examinations, medical cosmetology, and healthy apartment-style smart medical care. Comprehensive medical city. Minsheng Smart Medical City targets healthy and sub-healthy groups and provides comprehensive digital health services to the people in Taoyuan area.

3. Reference, corporate governance report

3.1 Organizational system

(1) Organizational structure



(2) Business operations of each major department

unit	Division of responsibilities
CEO	1. Implement the resolutions of the board of directors and formulate development goals and business strategies. 2. Coordinate the group's operational direction and set overall budget goals.
general manager	1. Lead the company to develop business, expand territory, Increase corporate revenue and profits. 2. Comprehensive management of the company's business, command and supervision of various business units and administrative departments.

unit		Division of responsibilities	
Digital Transformation Center		1. Develop integrated service systems and build a demonstrative operating platform. 2. Data value-added innovative business and system output for the big health industry.	
Public Affairs Office		1. Maintenance and promotion of public relations. 2. Media relations management.	
Industry-Academic Cooperation Center		1. Construction of industry-university promotion center. 2. Promote and implement various industry-university cooperation projects.	
audit room		1. Establish and improve, Reasonable, Effective internal control system. 2. Develop company audit plans, perform audits and provide recommendations.	
General Manager's Office	Finance Department	Finance Office	1. Execute and manage company financial related operations. 2. Cashier, fund scheduling, investment and follow-up management, bank financing and other related matters.
		accounting office	1. Execute and manage company accounting related operations. 2. Various accounting, financial accounting, management accounting and tax declaration and other related matters.
	administrative department	Regulations Room	1. Comprehensive and implement the company's normal legal affairs. 2. Drafting of contracts, Dispute handling, risk management and control and other related matters.
		Human Resources Office	1. Establishment and implementation of personnel system. 2. Talent recruitment, salary calculation, education and training, employee benefits and other personnel administrative operations.
		General Affairs Office	1. Please purchase office equipment and general supplies. 2. Fixed asset management operations.
	Information planning room	1. Information business planning and execution. 2. Information security maintenance. 3. Marketing activity planning and execution. 4. Network activity planning and execution.	

unit	Division of responsibilities
Pharmaceutical Distribution Department	<ol style="list-style-type: none"> 1.New market development,Operational strategy formulation. 2.Procurement of raw materials and finished products, and outsourcing processing operations. 3.Supplier screening and management. 4.Warehouse management, inbound and outbound delivery and other related services. 5.Domestic business sales and development.
Health Management Department	<ol style="list-style-type: none"> 1. Promote health examination market business and products. 2. Health examination business marketing strategy planning and execution. 3. Health inspection business coordination and quality control operations. 4. Entrusted operation of medical testing laboratories and integrated marketing of related instruments, reagents and consumables. 5. Assignment of in-factory and on-site medical staff and business management of in-factory medical offices.
Specialist Services Department	<ol style="list-style-type: none"> 1.Medical equipment instrument evaluation and procurement. 2.Movable and immovable property custody operations. 3.Medical equipment market analysis and operation strategy formulation. 4.Management and maintenance of fixed assets and other property. 5.Planning and construction of medical equipment procurement platform. 6. Assist in medical specialty management.
Hospital Division	<ol style="list-style-type: none"> 1. Medical industry market analysis and strategy formulation. 2. Hospital operation planning and execution. 3. Expansion of medical business territory. 4. Operation and management of medical institutions. 5. Improvement of hospital service quality.
Dialysis Division	<ol style="list-style-type: none"> 1. Planning and execution related to dialysis business. 2. Dialysis market analysis and strategy formulation. 3. Logistics support operation and management of dialysis medical institutions.

3.2 Information on directors, supervisors, general managers, deputy general managers, associate managers, and heads of departments and branches

(1) Directors and supervisorsmaterial

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Profession al title (Note1)	Nationali ty or place of registrati on	Name	gender age (Note2)	choose(At once)appoi nt date	term of office	first election date (Note 3)	When elected hold shares		now Number of shares held		Spouse and minor children currently hold shares		Hold shares in someone else's name		Main academic qualifications (Note 4)	Currently holding positions in the company and other companies	Other managers, directors or supervisors who are related by spouse or within the second degree of affinity			Remarks (Note 5)
							Number of shares	sharehol ding ratio	Number of shares	sharehol ding ratio	Numb er of share s	share holdin g ratio	Numb er of share s	share holdin g ratio			Profe ssion al title	Name	relati on	
Chairman	Chinese Republic	Minsheng Medical Holdings Co., Ltd. Ltd.		2021.07.30	3Year	2003.09.10	31,585,307	29.01%	36,298,290	28.80%	-	-	-	-	1.Department of Medicine, National Taiwan University 2. Master of Public Health, Harvard University, USA 3. Peter. Master of Business Administration Class at Dulac School of Management 4. John · Hopkins Master of Health Sciences 5. Visiting scholar at Stanford University 6. CEO of Minsheng Medical System 7. Director of Beijing Yanran Angel Children's Hospital 8. Director of Min Sheng General Hospital	1. CEO of Minsheng Medical System 2. Chairman of United Medical Foundation 3. Director of China BenQ Hospital Holdings 4. Chairman of Fuyi Health Management Consulting Co., Ltd. 5. Chairman of Handing Digital Technology Co., Ltd. 6. Chairman of Honghan Health Industry Co., Ltd. 7. Chairman of Boen Management Consulting (Co., Ltd.) 8. Chairman of Shengyou Rehabilitation Technology (Co., Ltd.) 9. Chairman of Anzhun Technology (Co., Ltd.) 10. Supervisor of Shengyu Health Technology (Co., Ltd.) 11. Director of Bohui Biotechnology Co., Ltd. 12. Director of Shengshi Digital Health Co., Ltd. 13. Chairman of Shengyun Pharmaceutical (Co., Ltd.) 14. Chairman of Yueshi Health (Co., Ltd.) 15. Chairman of Mincheng Health Technology (Co., Ltd.)	witho ut	without	witho ut	At the same time, he also holds the position of CEO. In order to strengthe n the independ ence of the board of directors, the company has added one independ ent director in 112 to enhance the board

Professional title (Note1)	Nationality or place of registration	Name	gender age (Note2)	choose(At once)appointment date	term of office	first election date (Note 3)	When elected hold shares		now Number of shares held		Spouse and minor children currently hold shares		Hold shares in someone else's name		Main academic qualifications (Note 4)	Currently holding positions in the company and other companies	Other managers, directors or supervisors who are related by spouse or within the second degree of affinity			Remarks (Note 5)
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relationship	
	Chinese Republic	Representative Yang Hongren	male 51-60	2021.07.30	3Year	2003.09.10	757,534	0.70%	924,480	0.73%	-	-	-	-		16. Chairman of Medical Electronics Digital Transformation Co., Ltd. 17. Director of Global Biotech Multimedia Co., Ltd. 18. Supervisor of Yida International Hospital Management Consulting (Co., Ltd.) 19. Chairman of Sangu (Co., Ltd.) 20. Director of Precision Health (Co., Ltd.) 21. Director of Minsheng Asset Management (Co., Ltd.) 22. Director of Fangding Information (Co., Ltd.) 23. Chairman of Intelligent Medical City (Co., Ltd.) 24. Supervisor of China Development Medical Venture Capital (Co., Ltd.) 25. Director of Lejia Recycling Technology (Co., Ltd.) 26. Supervisor of Yuode Enterprise (Co., Ltd.) 27. Chairman of Huiyun Microfluidics (Co., Ltd.) 28. Director of Shengtai Food Technology (Co., Ltd.) 29. Supervisor of Bozhi Cultural and Creative Co., Ltd. 30Chairman of Minsheng Medical Holdings (Co., Ltd.)	director	Yang Chen Caibi	mother and son	of directors' functions and strengthen the supervision function.
Vice Chairman	Chinese Republic	Minsheng Medical Holdings Co., Ltd. Ltd.		2021.07.30	3 years	2003.09.10	31,585,307	29.01%	36,298,290	28.80%	-	-	-	-	1.Department of Economics, National Taiwan University 2.Master of Business Administration, University of Texas at Dallas 3.Foreign banks are responsible for the overall Taiwan market business 4.Served as a professional senior manager in several listed companies in Taiwan's electronics industry	1.Smart Medical City(share)company director 2.Min Chenghealth technology(share)company director 3.Director of Leap Lion Health (Co., Ltd.)	without	without	without	-
	Chinese Republic	Representative Xu Shengxin	male 61-70	2021.07.30	3 years	2003.09.10 (Note 6)	-	-	-	-	-	-	-	-			without	without	without	
director	Chinese Republic	Minsheng Medical Holdings Co., Ltd. Ltd.		2021.07.30	3Year	2010.09.01	31,585,307	29.01%	36,298,290	28.80%	-	-	-	-	1. Department of Medical Technology, Taipei Medical College 2. Yuanzhi Management School EMBA	1. Chairman of Zhongyuan Medical Management Co., Ltd. 2. Supervisor of Yueshi Health (Co., Ltd.) 3.Smart Medical City(share) company director 4. Director of Mincheng Health Technology	without	without	without	-

Professional title (Note 1)	Nationality or place of registration	Name	gender (Note 2)	choose (At once) appointment date	term of office	first election date (Note 3)	When elected hold shares		now Number of shares held		Spouse and minor children currently hold shares		Hold shares in someone else's name		Main academic qualifications (Note 4)	Currently holding positions in the company and other companies	Other managers, directors or supervisors who are related by spouse or within the second degree of affinity			Remarks (Note 5)
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relationship	
	Chinese Republic	Representative Liu Qingwen	male 61-70	2021.07.30	3Year	2010.09.01 (Note 7)	14,777	0.01%	56,847	0.05%	-	-	-	-	3. Senior Vice President of Min Sheng General Hospital 4. Executive Vice President of Min Sheng General Hospital 5. Chairman of Shengyun Pharmaceutical Co., Ltd.	(Co., Ltd.) 5. Director of Fangding Information (Co., Ltd.)	without	without	without	
director	Chinese Republic	Minsheng Medical Holdings Co., Ltd. Ltd.		2021.07.30	3Year	2009.08.01	31,585,307	29.01%	36,298,290	28.80%	-	-	-	-	1. Bachelor of Economics, National Taipei University (Chung Hsing University School of Law and Business) 2. Master of Economics, National Taiwan University 3. PhD from the School of Management, University of Cambridge, UK	1. President of Taiwan Economic Research Society	without	without	without	-
	Chinese Republic	Representative Sun Zhili	female 51-60	2021.07.30	3Year	2009.08.01 (Note 8)	-	-	-	-	-	-	-	-			without	without	without	
director	Chinese Republic	Minsheng Medical Holdings Co., Ltd. Ltd.		2023.06.30	1Year	2023.06.30	31,585,307	29.01%	36,298,290	28.80%	-	-	-	-	1. Bachelor of Medicine, Department of Medicine, National Taiwan University 2. Doctor of Medicine, National Taiwan University Institute of Clinical Medicine 3. Professor, Department of Internal Medicine and Emergency Medicine, National Taiwan University School of Medicine 4. Director of the Cardiovascular Center of National Taiwan University Hospital 5. Director of the Department of Cardiology, National Taiwan University Hospital 6. Director of Emergency Medicine Department of University Medical College 7. Director of the Emergency Medicine Department of a large hospital 8. Director of Taoyuan Hospital, Ministry of Health and Welfare, Executive Yuan 9. Director of Hsinchu Hospital, Ministry of Health and Welfare, Executive Yuan 10. Director of Luodong Boai Hospital	1. Chief Director of the Hospital Business Department 2. Director of the Rosh Foundation, a medical foundation 3. Honorary Professor, National Taiwan University School of Medicine 4. Chief Director of Min Sheng General Hospital 5. Chairman of the Society of Cardiology of the Republic of China	without	without	without	-
	Chinese Republic	Representative Chen Wenzhong	male 61-70	2023.06.30	1 year	2023.06.30	-	-	-	-	-	-	-	-			without	without	without	-
director	Chinese Republic	Rongyang Management Consultants Ltd.		2021.07.30	3Year	2018.06.27	115,694	0.11%	133,928	0.11%	-	-	-	-	1. University of Southern California (USC) Master of Public Administration Institute 2. Min Sheng, Executive Vice President of the General Institute of Economics and Sciences	1. Chairman of Rongyang Management Consulting Co., Ltd. 2. Chairman and General Manager of Minsheng Asset Management (Co., Ltd.) 3. Vice Chairman of Bisheng Construction Co., Ltd. 4. Director of Mincheng Health Technology (Co., Ltd.)	without	without	without	-

Professional title (Note1)	Nationality or place of registration	Name	gender age (Note2)	choose(At once)appointment date	term of office	first election date (Note 3)	When elected hold shares		now Number of shares held		Spouse and minor children currently hold shares		Hold shares in someone else's name		Main academic qualifications (Note 4)	Currently holding positions in the company and other companies	Other managers, directors or supervisors who are related by spouse or within the second degree of affinity			Remarks (Note 5)
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
	Chinese Republic	Representative Zhang Changrong	male 51-60	2021.07.30	3Year	2003.09.10	-	-	-	-	-	-	-	-	3.Deputy CEO of Minsheng Medical System 4.Asia Pacific Health(share)Deputy CEO of the company 5.The fifth and sixth directors of the Regional Hospital Association of the Republic of China 6.Deputy Captain of Taoyuan County Patrol Brigade		without	without	without	
director	Chinese Republic	Yang Chen Caibi	female 81-90	2021.07.30	3Year	2003.09.10 (Note9)	1,223,861	1.12%	1,416,771	1.12%	1,213	0%	-	-	1.Department of Physics, Normal University 2.Teaching assistant and lecturer at Taipei Medical College 3.Principal of Xinsheng Medical School 4.Chairman of Jiuyu Co., Ltd. 5.Min Sheng Asset Management(share)Chairman of the company	1.Jiapei Industrial(share)Chairman of the company 2.Yang Zheng Investment(share)Chairman of the company 3.Ariel Aesthetics(share)company director 4.Yuede Enterprise(share)company director	Chairman	Yang Hongren	mother and son	-
independent director	Chinese Republic	Wu Genzai	male 61-70	2021.07.30	3Year	2018.6.27	-	-	-	-	-	-	-	-	1.Department of Accounting, National Taiwan University 2.Auditor and audit team leader of Qinye Zhongxin United Accounting Firm 3.Manufacturing Finance Chief, Management Department Director 4.Partner Accountant of Chengxin United Accounting Firm 5.Special Lecturer, Small and Medium Enterprise Division, Ministry of Economic Affairs, Business Administration Consulting Company 6.Republic of China80Passed the annual senior accountant examination	1.Partner Accountant of Zhanyu United Accounting Firm 2.Zhanyu Development Industry(share)company director	without	without	without	-
independent director	Chinese Republic	Li Shuxing	male 61-70	2021.07.30	3 years	2019.6.27	-	-	-	-	-	-	-	-	1. Bachelor of Business Administration, National Chengchi University 2.Ph.D. in Accounting from New York University 3. Vice President of Finance, National Taiwan University 4. Dean of the School of Management, National Taiwan University	1. Chair Professor of Accounting Department and Dean of School of Management, Tunghai University 2. Honorary Professor, Department of Accounting, National Taiwan University 3. Independent director of Fubon Financial Holdings (Co., Ltd.) 4. Independent director of Mingtai Technology (Co., Ltd.) 5 Independent Director of Kanglian Biotechnology (Co., Ltd.)	without	without	without	-

Professional title (Note1)	Nationality or place of registration	Name	gender (Note2)	choose(At once)appointment date	term of office	first election date (Note 3)	When elected hold shares		now Number of shares held		Spouse and minor children currently hold shares		Hold shares in someone else's name		Main academic qualifications (Note 4)	Currently holding positions in the company and other companies	Other managers, directors or supervisors who are related by spouse or within the second degree of affinity			Remarks (Note 5)
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
independent director	Chinese Republic	Chen Houming	male 61-70	2021.07.30	3 years	2021.07.30	-	-	-	-	-	-	-	-	1. Department of Chemical Engineering, Tamkang University 2.Master of Management Science, Tamkang University 3.Master of Applied Statistics from the University of Iowa 4.PhD, Marketing Group, Graduate School of Business, National Taiwan University 5. Dean of the School of Social Sciences and Management, National Chung Hsing University 6. Dean and Director of the Department of Business Administration, National Chung Hsing University 7. Director of the Business Development Research Institute 8. Chairman of the Chinese Negotiation Management Society 9. Chairman of Taiwan Marketing Science Society	1. Full-time professor at the Department and Research Institute of International Business, National Taiwan University 2. Independent director of Fuqiao Industrial Co., Ltd. 3. Independent director of Xinbang Electronics Co., Ltd. 4. Independent director of Creative Electronics Co., Ltd.	without	without	without	-
independent director	Chinese Republic	Yao Xiubi	female 41-50	2023.06.30	1 year	2023.06.30	-	-	-	-	-	-	-	-	1. Department of Finance, National Chung Cheng University 2. Tunghai University Super EPOST 3.Master of Business Administration, University of Missouri-Columbia 4.Ginko International Co., LTD Acting Spokesperson 5. Director of the Chairman's Office of Yongsheng Optical Co., Ltd.	1. Manager of Strategic Investment Department of Yongsheng Optical Co., Ltd. 2. Director of Baodao Optical Technology (Co., Ltd.) 3. Director of Haichang Biochemical Technology (Co., Ltd.) 4. Director of Yujiasheng (Co., Ltd.) 5. Supervisor of Shangjingcheng Co., Ltd. 6. Director of Xiamen Weimeng Environmental Protection Materials Co., Ltd.	without	without	without	-

Note1: Legal person shareholders should list the names and representatives of the legal person shareholders respectively (if they are representatives of legal person shareholders, the name of the legal person shareholder should be indicated), and the following table 1 should be filled out.

Note2: The actual age should be listed and expressed in an interval format.

Note 3: Fill in the time when you first served as a director or supervisor of the company. If there is any interruption, please note the explanation.

Note 4: For experience related to the current position, if you have worked in a certification accounting firm or related company during the preceding period, your job title and responsible position should be stated.

Note 5: If the chairman of the company and the general manager or a person with a similar position (top manager) are the same person, each other's spouse or first-degree relative, the reasons, rationality, necessity and countermeasures (such as adding independent director seats) should be explained , and there should be relevant information that more than half of the directors do not concurrently serve as employees or managers, etc.).

Note6 : Mr. Xu Shengxin 2018/9 to 2020/10 Not during the period of serving as a director.

Note7: Mr. Liu Qingwen 2011/8 to 2018/6 and 2020/11 to 2021/7 are not the period of serving as a director.

Note 8: Ms. Sun Zhili 2003/8 to 2018/6 During the period of serving as an independent director; 2018/7 to 2018/8 Not during the period of serving as a director.

Note 9: Ms. Yang Chen Caibi 2021/3 to 2021/7 For the period of serving as supervisor; 2015/8 to 2017/10 Not during the period of serving as a director.

Major shareholder of legal person shareholder

April 25, 2024

Name of legal person shareholder (Note 1)	Major shareholders of legal person shareholders (Note 2)
Minsheng Medical Control Co., Ltd.	Yang Zheng Investment Co., Ltd.12.34%, Taoyuan City Yiren Love Foundation 10.86%, Minsheng Asset Management Co., Ltd. 10.35%, Ruian Pharmaceutical Co., Ltd. 5.40%, Yang Minsheng 4.85%, Xindong Biotechnology Co., Ltd.3.31%, Fulin Investment Co., Ltd.2.99%, Yangchen Caibi 2.36%, Yongxin Pharmaceutical Industry Co., Ltd.2.17%, Shengli Management Consulting Co., Ltd. 1.79%.
Rongyang Management Consulting Co., Ltd.	Zhang Changrong(99.96%),Yang Yizhen(0.04%)

Note 1: If the director or supervisor is a representative of a legal person shareholder, the name of the legal person shareholder should be filled in.

Note2: Fill in the name of the major shareholder of the legal person shareholder(Its shareholding ratio accounts for the top ten)and its shareholding ratio. If its main shareholder is a legal person, the following Table 2 should be filled in.

Note 3:If the legal person shareholder is not a company organizer, the name of the shareholder and shareholding ratio that should be disclosed at the beginning are the name of the investor or donor (refer to the Judicial Yuan Announcement for inquiries) and their investment or donation ratio. If the donor has passed away, add Note "deceased".

If the main shareholder is a legal person, its main shareholder

April 25, 2024

Legal person name (Note 1)	Major shareholder of the legal person (Note 2)
Yang Zheng Investment(share)company	Yang Minsheng58.58%, Yang Chencaibi31.18%, Yang Yizhen 5.12%, Yang Yishan 5.12%.
legal personTaoyuan City Yiren Love Foundation	Min Sing General Hospital 62.25%, Longtan Minsheng Hospital 8.30%, Dayuan Minjian Hospital 4.15%, Huang Ming'an 3.63%, Liu Jingrong 3.46%, Nanshan Life Insurance Charitable Foundation 2.08%, Yang Mingsheng 1.73%, Lan Yuke 1.73%, Su Yifeng 1.73%, Kaiyang Investment(share) company(Li Xinghui) 1.73%, Wang Xiaofen 1.73%, Wang Yeding1.73 (111Annual Giving Ratio).
Min Sheng Asset Management (Co., Ltd.)	Minsheng Medical Control(share) company 14.41%, Yang Zheng Investment(share) company 8.47%, Yang Chencaibi 7.71%, Ruian Pharmaceutical Factory(share) company 5.29%, Yang Minsheng 4.92%, Yang Hongren 3.77%, Mincheng Health Technology(share) company 3.37%, Xindong Biotechnology(share) company 3.27%, Fulin Investment(share) company 2.93%, Yongxin Pharmaceutical Industry(share) company 2.13%.
Ruian Pharmaceutical Co., Ltd. (Closed)	Jianqiao Xinyuan Pharmaceutical Biotechnology(share) company 91.73%.
Xindong Biotechnology Co., Ltd.	Yoyuan(share)company14.07%, Taiwan venture capital(share) company 11.25%, Executive Yuan National Development Fund Management Council 6.77%, Jingshentang Investment(share) company 0.64%, Jiding Industrial(share) company 0.08%.
Fulin Investment Co., Ltd.	Fulin Engineering(share) company 33.34%, Sun Xinhui 14.54%, Sun Minling 6.59%, Sun Guanyu 20.95%.
Yongshin Pharmaceutical Industry Co., Ltd.	Yongxin International Investment Holdings(share) company100%.
Shengli Management Consulting(share) company	Yang Yizhen 50%, Yang Yishan 50%.

Note 1: If the major shareholder in Table 1 above is a legal person, the name of the legal person should be filled in.

Note 2: Fill in the name of the main shareholder of the legal person (its shareholding ratio accounts for the top ten) and its shareholding ratioRate.

Note 3:If the legal person shareholder is not a company organizer, the name of the shareholder and shareholding ratio that should be disclosed first are the name of the investor or donor (refer to the Judicial Yuan Announcement for inquiries) and their shareholding ratio.

Capital contribution or donation ratio, if the donor has passed away, add "deceased".

(2) Professional knowledge and independence of directors or supervisors:

1. Disclosure of information on professional qualifications of directors and supervisors and independence of independent directors:

condition Name	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
Representative of Minsheng Medical Control Co., Ltd. Chairman Yang Hongren	Major: Department of Medicine, National Taiwan University; have working experience in the medical profession and have the operational judgment, international market outlook and decision-making abilities required by the company. Experience: Director of Kangning Hospital/Director of Beijing Yanran Angel Children's Hospital/Physician in Charge of Minsheng General Hospital.	Chairman Yang Hongren is the representative of the company's legal directors, and serves as the company's chairman, CEO and subsidiary director. He is also the company's top ten natural person shareholders (0.73%) and is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item. He and Director Yang Chen Caibi are mother and son, and are related to each other within the second degree of consanguinity.	0
Representative of Minsheng Medical Control Co., Ltd. Vice Chairman Xu Shengxin	Major: Department of Economics, National Taiwan University; Possess work experience in investment, marketing management and operations management, and have the business, industry knowledge and crisis management capabilities required by the company. Experience: Foreign banks are responsible for the overall Taiwan market business/ He serves as a professional senior manager in many listed companies in Taiwan's electronics industry.	Vice Chairman Xu Shengxin is the representative of the company's corporate directors and a director of its subsidiaries, but is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item.	0
Representative of Minsheng Medical Control Co., Ltd. Director Liu Qingwen	Major: EMBA from Yuanzhi Management School; have work experience in medical institution management and operation management, and possess the industry knowledge, accounting and financial analysis capabilities required by the company. Experience: Deputy Medical Director of Minsheng General Hospital/Chairman of Shenghong Pharmaceutical Co., Ltd.	Director Liu Qingwen is the representative of the company's legal directors and serves as the company's general manager and subsidiary director. He is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item.	0
Representative of Minsheng Medical Control Co., Ltd. Director Sun Zhili	Major: PhD from the School of Management, University of Cambridge, UK; possesses academic and professional experience required by the company's business, as well as business and industrial knowledge required by the company. Experience: Director of the Biotechnology Industry Research Center and Intellectual Property Evaluation Service Center of the Taiwan Institute of Economic Research/Adjunct Associate Professor of the Institute of Biotechnology of National Taiwan University/Adjunct Associate Professor of the Institute of Science and Technology Management of National Tsinghua University	Director Sun Zhili is the representative of the company's corporate directors and is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item.	1

condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
Name			
Representative of Minsheng Medical Control Co., Ltd. Director Chen Wenzhong	Major: Department of Medicine, National Taiwan University; have working experience in the medical profession and possess the industry knowledge, crisis management capabilities and decision-making abilities required by the company. Experience: MD, Institute of Clinical Medicine, National Taiwan University/MBA, Department of Medicine, National Taiwan University/Professor, Department of Internal Medicine and Emergency Medicine, National Taiwan University School of Medicine/Director, Cardiovascular Center, National Taiwan University Hospital/Director, Department of Cardiology, National Taiwan University Hospital/Emergency Medicine, National Taiwan University School of Medicine Department Director/Director of Emergency Medicine Department of a large hospital	Director Chen Wenzhong is the representative of the company's corporate directors and is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item.	0
Representative of Rongyang Management Consulting Co., Ltd. Director Zhang Changrong	Major: Master of Public Administration from the University of Southern California (USC); with working experience in medical institution management and asset management and possessing the leadership skills required by the company: Executive Vice President of Min Sheng Economics General Hospital/Asia Pacific Health (Co., Ltd.) Deputy CEO/5th and 6th Director of the Regional Hospital Association of the Republic of China/Deputy Captain of the Taoyuan County Patrol Brigade	Director Zhang Changrong is the representative of the company's legal director and is not an independent director. The rest are in compliance with the "Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Followed" promulgated by the Financial Supervisory Commission.3Articles1The independence conditions listed in the item.	0
Director Yang Chen Caibi	Major: Department of Physics, Normal University; possesses professional experience required in academic, investment management and the company's business. Experience: Teaching assistant and lecturer at Taipei Medical College/Principal of Xinsheng Medical School/Chairman of Jiuyu Co., Ltd./Chairman of Minsheng Asset Management (Co., Ltd.)	Director Yang Chen Caibi currently serves as a natural person director.At the same time, he is also one of the top ten natural person shareholders of the company (1.12%), but he also meets the independence requirements of the competent authority. During the two years before his election and during his term of office, he complied with the "Independent Director Settings for Publicly Offering Companies" issued by the Financial Supervisory Commission. and matters that should be followed"3The independence conditions listed in Article 1; during their tenure as directors, they have been given the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly exercise relevant powers independently. He and Chairman Yang Hongren are mother and son, and they are related to each other within the second degree of consanguinity.	0
Wu Genzai Independent Director	1. Major: National Taiwan Accounting Department (passed the Advanced Accountant Examination in 1980); has work experience required in accounting, finance and the company's business. 2. Experience: Auditor/auditing team leader of Qinye Zhongxin United Accounting Firm, chief financial officer of manufacturing industry, director of management department, partner accountant of Integrity United Accounting Firm, small and medium-sized enterprise division of the Ministry of Economic Affairs, and special lecturer of Enterprise Management Consulting Company. 3. Mr. Wu has rich experience in accounting practice. Through his professional experience, he can provide intensive guidance in various aspects of data review and provide appropriate suggestions and directions.	left columnFourNone of the independent directors have company legal qualifications3Any of the circumstances specified in Article 0, not in accordance with Article 1 of the Company Law2Article 7 stipulates that the government, legal persons or their representatives shall be selected, andNot having a spouse or kinship relationship within the second degree with other directors, and havingwithoutOne of the following situations: 1. Be an employee of the company or its affiliated enterprises. 2. Be a director or supervisor of the company or its affiliated enterprises (However, this does not apply if the independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently.) 3. I, my spouse, minor children, or natural person shareholders who hold	0

condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
Name			
Li Shuxing Independent Director	<ol style="list-style-type: none"> Current position: Full-time professor at the School of Management, National Taiwan University. Major: Ph.D. in accounting from New York University; Lecturer at a public college with relevant subjects required for the company's business: Professional experience in business, finance, accounting and the company's business. Experience: Vice President of Finance/Dean of the School of Management/Dean of the Accounting Department of National Taiwan University, Acting Dean of the School of Management of Tunghai University/Chair Professor of the Accounting Department, Chairman of the Chinese Accounting Education Association Independent Director Li has accounting expertise and many years of experience as an independent director in other industries; he can share the company's experience in operating multiple industries and provide management decision-making opinions on industry integration analysis, risk management, etc. 	<ol style="list-style-type: none"> more than 1% of the company's total issued shares in the name of others or are the top ten natural person shareholders. forThe manager in Item 1 or the spouse of the person listed in Items 2 and 3,Relatives within the second degree of kinship or direct blood relatives within the third degree of kinship. Directors, supervisors or employees of legal person shareholders who directly hold more than 5% of the company's total issued shares, among the top five share holders, or who have appointed representatives to serve as directors or supervisors of the company in accordance with Article 27, Paragraph 1 or 2 of the Company Law people(However, this does not apply if the independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently.) More than half of the director seats or voting shares of the company and another company are controlled by the same person, who is a director, supervisor or employee of the other company(However, this does not apply if the independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently.). The company and the chairman, general manager or persons with equivalent positions of other companies or institutions are the same person or spouse, and they are directors (directors), supervisors (supervisors) or employees of other companies or institutions. (However, this does not apply if the independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently.). 	3
Chen Houming Independent Director	<ol style="list-style-type: none"> Current position: Professor at the Department and Research Institute of International Business, National Taiwan University. Major: Ph.D. in Marketing Group, Graduate School of Business, National Taiwan University; Lecturer at a public college with relevant subjects required for the company's business; Possessing professional experience in business and the company's business. Experience: Dean of the Institute of Business Development, National Chung Hsing University School of Social Sciences and Management. Independent Director Chen has management expertise and experience as an independent director in other industries. He can provide timely and diversified advice on operation and management and provide clear guidance on practical operations. 	<ol style="list-style-type: none"> The company and the chairman, general manager or persons with equivalent positions of other companies or institutions are the same person or spouse, and they are directors (directors), supervisors (supervisors) or employees of other companies or institutions. (However, this does not apply if the independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently.). 	3

condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
Name			
Yao Xiubi Independent Director	<ol style="list-style-type: none"> Current position: Manager of the strategic investment department of Yongsheng Optical Co., Ltd. Major: Master of Business Administration from the University of Missouri-Columbia; possesses the professional experience required for applied analysis of financial reports, evaluation of industrial mergers and acquisitions, and the company's business. Experience: Tunghai University Super EPOST/National Chung Cheng University Department of Finance/Ginko International Co., LTD Acting Spokesperson/Director of the Chairman's Office of Yongsheng Optical Co., Ltd. Independent director Yao has management expertise and experience as a director in other industries. He can provide suggestions on the direction of the company's diversified industry operations and provide management decision-making opinions in analyzing financial reports and evaluating industry mergers and acquisitions. 	<ol style="list-style-type: none"> Served as a director (director), supervisor (supervisor), manager or shareholder holding more than 5% of the shares of the following (1)~(4) specific companies or institutions that have financial or business dealings with the company. <ol style="list-style-type: none"> Holding more than 20% but not more than 50% of the company's total issued shares. Other companies and their directors, supervisors and shareholders holding more than 10% of the total number of shares hold more than 30% of the company's total issued shares, and the two parties have financial or business records. The stocks held by the aforementioned persons include their spouses, minor children and those who hold them in the name of others. More than 30% of the company's operating income comes from other companies and its group companies. The company's main product raw materials (referring to those that account for more than 30% of the total purchase amount and are indispensable key raw materials for manufacturing products) or main commodities (referring to those that account for more than 30% of the total operating income), their quantity or total purchase More than 50% of the amount comes from other companies and their group companies. Professionals, sole proprietors, partnerships, business owners and partners of companies or institutions who provide audits for companies or affiliated enterprises or business, legal, financial, accounting and other related services with a cumulative remuneration of more than NT\$500,000 in the past two years , directors (board members), supervisors (supervisors), managers and their spouses. However, this does not apply to members of the Salary and Remuneration Committee, the Public Takeover Review Committee or the Special Mergers and Acquisitions Committee who perform their duties in accordance with this Act or the relevant laws and regulations of the Mergers and Acquisitions Act. 	0

Note 1: After investigation, all directors of the company currently do not have any company law30various things.

2.Board diversity and independence:

Our company has ordered"Director Election Methods", which states that the selection of the company's directors (including independent directors) should consider the overall configuration, the composition of the members should consider diversity, and formulate appropriate diversification guidelines based on its own operations, operating types and development needs. It should include but not be limited to the following two major standards::

1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

The company's current board of directors consists of 11 directors, including 4 independent directors. The members have rich experience and expertise in the fields of medical finance, business and management. In addition, the company also attaches great importance to gender equality in the composition of the board of directors. The target ratio of female directors is more than 25%. Currently, there are 11 directors, including 3 female directors, with a ratio of 27.3%.

The company's current board of directors has elected a total of 11 directors, of which 4 are independent directors. Proportion 36.3%, and shall be evaluated by the Company upon election, and an independent director qualification checklist shall be issued, and the independent director shall sign an independent director declaration upon taking office. Confirm that none of the independent directors have the circumstances specified in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act, exerting detached independence; in addition, except for Director Yang Chen Caibi and Director Yang Hongren, who are mother and son, the other directors in the current board of directors do not have spouses or relatives within the second degree.

Implementation of diversity among board members:

Diversified core projects	Basic composition								Industrial experience				Professional ability			
	Nationality	gender	Concurrently with the company staff	age				Term and tenure of independent directors	medical profession	Medical facility management	educate	investment management	law	Accounting and Finance	Marketing management	information technology
Director's name				41 to 50	51 to 60	61 to 70	71 above									
Yang Hongren	republic of china	male	V		V				V	V	V	V			V	V
Xu Shengxin	republic of china	male				V			V	V		V		V	V	V
Liu Qingwen	republic of china	male	V			V			V	V		V		V	V	V
Sun Zhili	republic of china	female			V						V	V			V	V
Chen Wenzhong	republic of china	male	V			V			V	V	V	V		V	V	V
Zhang Changrong	republic of china	male	V		V					V				V	V	V
Yang Chen Caibi	republic of china	female					V			V	V	V				
Wu Genzai	republic of china	male				V		V						V		
Li Shuxing	republic of china	male				V		V			V	V		V		V
Chen Houming	republic of china	male				V		V			V	V		V	V	V
Yao Xiubi	republic of china	female		V				V			V			V	V	V

Competencies possessed by board members as a whole:

Diversified core projects	gender	Operational judgment ability	Accounting and financial analysis skills	Operation and management capabilities	Crisis handling capabilities	Industry knowledge	International market view	leadership skills	decision-making ability
Director's name									
Yang Hongren	male	V	V	V	V	V	V	V	V
Xu Shengxin	male	V	V	V	V	V	V	V	V
Liu Qingwen	male	V	V	V	V	V	V	V	V
Sun Zhili	female	V	V	V	V	V	V	V	V
Chen Wenzhong	male	V	V	V	V	V	V	V	V
Zhang Changrong	male	V	V	V	V	V	V	V	V
Yang Chen Caibi	female	V	V			V			V
Wu Genzai	male	V	V	V	V	V		V	V
Li Shuxing	male	V	V	V	V	V	V	V	V
Chen Houming	male	V	V	V	V	V	V	V	V
Yao Xiubi	female	V	V	V	V	V	V	V	V

(3) General manager, deputy general manager, associate manager and Heads of departments and branches

April 25, 2024

Professional title	Nationality	Name	Taking office date	hold shares		Spouse, minor children hold shares		using someone else's name hold shares		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
				Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
CEO	republic of china	Yang Hongren (Note 1)	2020/01/31	924,480	0.73%	0	0	0	0	1. Department of Medicine, National Taiwan University 2. Master of Public Health, Harvard University, USA 3. Peter. Master of Business Administration from Dulac School of Management 4. John · Hopkins Master of Health Sciences 5. Visiting scholar at Stanford University 6. CEO of Minsheng Medical System 7. Director of Beijing Yanran Angel Children's Hospital 8. Physician in charge of Min Sheng General Hospital	1. CEO of Minsheng Medical System 2. Chairman of United Medical Foundation 3. Director of China BenQ Hospital Holdings 4. Chairman of Fuyi Health Management Consulting Co., Ltd. 5. Chairman of Handing Digital Technology Co., Ltd. 6. Chairman of Honghan Health Industry Co., Ltd. 7. Chairman of Boen Management Consulting (Co., Ltd.) 8. Chairman of Shengyou Rehabilitation Technology (Co., Ltd.) 9. Chairman of Anzhun Technology (Co., Ltd.) 10. Shengyu Health Technology (Co., Ltd.) supervisor 11. Director of Bohui Biotechnology Co., Ltd. 12. Director of Shengshi Digital Health Co., Ltd. 13. Director of Shengyun Pharmaceutical Co., Ltd. 14. Chairman of Yueshi Health (Co., Ltd.) 15. Chairman of Mincheng Health Technology (Co., Ltd.) 16. Chairman of Medical Electronics Digital Transformation Co., Ltd. 17. Director of Global Biotech Multimedia Co., Ltd. 18. Supervisor of Yida International Hospital Management Consulting (Co., Ltd.) 19. Chairman of Sangu (Co., Ltd.)	Dong thing	Yang stale color Bi	mother son	Chairman and CEO

Professional title	Nationality	Name	Taking office date	hold shares		Spouse, minor children hold shares		using someone else's name hold shares		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
				Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
											20. Director of Precision Health (Co., Ltd.) 21. Director of Minsheng Asset Management (Co., Ltd.) 22. Director of Fangding Information (Co., Ltd.) 23. Chairman of Intelligent Medical City (Co., Ltd.) twenty four.Supervisor of China Development Medical Venture Capital Co., Ltd. 25. Director of Lejia Recycling Technology (Co., Ltd.) 26.Yuode Enterprise (Co., Ltd.) Company Supervisor 27. Chairman of Huiyun Microfluidics (Co., Ltd.) 28. Director of Shengtai Food Technology (Co., Ltd.) 29. Supervisor of Bozhi Cultural and Creative Co., Ltd. 30Chairman of Minsheng Medical Holdings (Co., Ltd.)				
general manager	republic of china	Liu Qingwen (Note 1)	2005/6/1	56,847	0.05%	0	0	0	0	1.Department of Medical Technology, Taipei Medical College 2.Yuanzhi Management School EMBA 3. Senior Vice President of Min Sheng General Hospital 4.Min Sing General HospitaladministrativeVice President 5. Chairman of Shengyun Pharmaceutical Co., Ltd.	1.Chairman of Zhongyuan Medical Management Co., Ltd. 2.Leap Lion Health (Co., Ltd.)supervisor 3.Director of Smart Medical City (Co., Ltd.) 4.Director of Mincheng Health Technology Co., Ltd. 5.squareDirector of Ding Information (Co., Ltd.)	without	without	without	
deputy general manager	republic of china	Chen Pengxuan (Note 2)	2019/08/16	148	0%	0	0	0	0	1. Graduated from the Institute of Medical Management, Chang Gung Memorial University 2. Intelligent Medical Technology Co., Ltd./Senior Deputy General Manager 3. Macron (Co., Ltd.)/General Manager 4. Deputy CEO of Shenghong Pharmaceutical Co., Ltd./Long-Term Care Division 5.Minsheng Medical System/Administrative Director 6.Minsheng Medical System/Nursing Director	1.Legal agent of Minsheng (Tianjin) Investment Management Co., Ltd. 2.CEO of Smart Medical City (Co., Ltd.) 3. Vice Chairman of Yueshi Health (Co., Ltd.) 4. Director of Fangding Information (Co., Ltd.)	without	without	without	

Professional title	Nationality	Name	Taking office date	hold shares		Spouse, minor children hold shares		using someone else's name hold shares		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
				Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
deputy general manager	republic of china	Fu Lanying (Note 3)	2016/9/29	30,170	0.03%	0	0	0	0	1.national televisionDepartment of Industrial Management Technology, Bay Institute of Technology 2.International Internal Auditor 3.International Internal Control Self-Assessor 4. Enterprise appraiser of China Intangible Assets and Enterprise Appraisal Association 5. Senior medical manager of Taiwan Medical Management Association 6. Senior specialist and audit office manager of the general manager office of Shenghong Pharmaceutical Co., Ltd. 7. Director of the Audit Office and Accounting Office of Minsheng General Hospital 8. Senior specialist of Minsheng Medical System Operations Department and President's Office	Supervisor of Fangding Information (Co., Ltd.)	without	without	without	
deputy general manager	republic of china	Ke Weixin (Note 4)	2023/06/01	0	0	0	0	0	0	1.Department of Pharmacy, Taipei Medical College 2.Institute of Pharmacy, Kaohsiung Medical University 3.Yuanzhi University Institute of Management 4.Director of Pharmacy Department, Min Sing General Hospital 5.Senior Manager of Pharmaceutical Circulation Department of Shenghong Pharmaceutical (Co., Ltd.)	without	without	without	without	
deputy general manager	republic of china	Wu Mingxun	2008/1/1	254,676	0.20%	31,853	0.03%	0	0	1.National Chung Hsing University Institute of Life SciencesMaster 2.Yuanzhi University Institute of ManagementMaster	1.Zhongyuan Medical Management (Co., Ltd.)general manager 2.Min Sing General Hospital Director of Medical Technology Department	without	without	without	
deputy general manager	republic of china	He Weiguang	2020/08/01	0	0	0	0	0	0	1.Bachelor of Information Engineering, Jiaotong University 2.Master of Information Engineering, National Taiwan University	1. Chairman of Fangding Information (Co., Ltd.) 2. Director of Medical Electronics Digital Transformation Co., Ltd. 3.Director of Global Biotech	without	without	without	

Professional title	Nationality	Name	Taking office date	hold shares		Spouse, minor children hold shares		using someone else's name hold shares		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
				Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
										3. Director of Digital Service Innovation Research Institute, Information Industry Promotion Association 4. Manager of Information Department/Director of Marketing Division of Taiwan TV Corporation 5. Director of the Intelligent Innovation Service Promotion Program, Bureau of Industry, Ministry of Economic Affairs 6. Director of the Internet of Things Intelligent Manufacturing Base Project, Bureau of Industry, Ministry of Economic Affairs 7. Host of the Internet Community Innovation Service Development Program, Department of Commerce, Ministry of Economic Affairs 8. Co-host of Digital TV/Telecom Value-Added Service Demonstration Information Application Development Project, Technology Division, Ministry of Economic Affairs	Multimedia Co., Ltd.				
deputy general manager	republic of china	Li Hongyi	2019/09/03	0	0	0	0	0	0	1. Institute of Business Administration, National University of South Australia, Australia 2. Risheng International Commercial Bank/Director of Finance and Investment Department 3. Cathay Commercial Bank/Audit Office Specialist	1. General Manager of Precision Health (Co., Ltd.) 2. General Manager of Shengyun Pharmaceutical Co., Ltd. 3. Chairman of Chinachem Biomedical Co., Ltd.	without	without	without	
deputy general manager	republic of china	Cai Yufang	2019/09/01	0	0	0	0	0	0	1. National Central University Executive MBA 2. Soochow University Law Department 3. Director of the Administrative Department of Shenghong Pharmaceutical Co., Ltd. 4. Minsheng Medical Holdings (Co., Ltd.)/Legal Expert 5. Ford Liuhe Automobile Co., Ltd./Legal Affairs 6. State-owned Property Bureau/Legal Affairs of the Ministry of Finance	1. Deputy General Manager of Administration of Precision Health (Co., Ltd.) 2. Supervisor of Zhongyuan Medical Management (Co., Ltd.) 3. Supervisor of Smart Medical City (Co., Ltd.)	without	without	without	

Professional title	Nationality	Name	Taking office date	hold shares		Spouse, minor children hold shares		using someone else's name hold shares		Main academic qualifications	Currently holding positions in other companies	Managers who are related to a spouse or within the second degree of kinship			Remarks
				Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Professional title	Name	relation	
Accounting Supervisor	republic of china	Huang Yamei	2018/05/01	12,178	0.02%	0	0	0	0	1. Accounting Department of Mingchuan University 2. Deputy audit team leader of Ernst & Young Accounting Firm 3. Accountant and Financial Supervisor of Hekang Biotechnology Co., Ltd.	Director of Zhongyuan Medical Management (Co., Ltd.)	without	without	without	
Audit supervisor	republic of china	Leaf cultivation	2022/03/25	0	0	0	0	0	0	1. Graduated from the Institute of Finance and Economics, Central University 2. Liande Electronics Co., Ltd./Assistant Audit Manager 3. Ju Yan Hutong International Co., Ltd./Assistant Audit Manager 4. Jingcai Technology Co., Ltd./Senior Audit Manager	without	without	without	without	

Note 1: The company has 11 directors. 4 directors are part-time employees, 2 of them are concurrently serving as vice president or above, and 2 are concurrently serving as general senior managers. More than half of the directors are not employees.

Because of the chairmanHe also holds the position of CEO. In order to strengthen the independence of the board of directors, the company has added one independent director and one director each in 2023 to enhance the functions of the board of directors and strengthen the supervision function.

Note 2: Vice President Chen Pengxuan resigned on 2023.04.14.

Note 3: Vice President Fu Lanying resigned on 2024.03.31.

Note 4: Vice President Ke Weixin took office on 2023.06.01.

(4) Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year

1. Remuneration of directors (including independent directors):

Unit: NT\$1,000;%;Thousand shares

Professional title	Name	Directors' remuneration								The total amount of four items A, B, C and D and Proportion of net profit after tax		Part-time employees receive relevant remuneration								A, B, C, D, E, F and G etc. seven total and Proportion of net profit after tax		Receive from subcompany outside Transfer investment business or parent company remuneration
		reward(A)		retirement pension (B)		director Compensation(C)		Business execution expenses (D)				Salaries, bonuses and special expenses, etc. (E)		Retirement pension (F)		staff Remuneration(G)(note)						
		Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Book male manager	Finance newspaper or all companies in	Our company cash amount	All companies in financial reports Stock amount	cash amount	Stock amount	
Chairman	Minsheng Medical Holdings (Co., Ltd.) Representative: Yang Hongren	3,000	3,240	0	0	1,186	1,198	275	420	4,461 3.58%	4,858 3.90%	14,346	14,346	235	235	1,350	0	1,350	0	20,392 16.37%	20,789 16.69%	50
director	Minsheng Medical Holdings (Co., Ltd.) Representative: Xu Shengxin																					
director	Minsheng Medical Holdings (Co., Ltd.) Representative: Liu Qingwen																					
director	Minsheng Medical Holdings (Co., Ltd.) Representative: Sun Zhili																					
director	Minsheng Medical Holdings (Co., Ltd.) Representative: Chen Wenzhong																					
director	Rongyang Management Consulting (Co., Ltd.) Representative: Zhang Changrong																					

director	Yang Chen Caibi																					
independent director	Li Shuxing	0	0	0	0	679	679	242	242	921 0.74%	921 0.74%	0	0	0	0	0	0	0	0	921 0.74%	921 0.74%	0
independent director	Wu Genzai																					
independent director	Chen Houming																					
independent director	Yao Xiubi																					

1. Please describe the policy, system, standards and structure of remuneration to independent directors, and describe the correlation with the amount of remuneration base factors such as responsibilities, risks, time invested, etc.:

The remuneration of independent directors is based on the payment principle of meeting (board of directors, remuneration committee, review committee) attendance fees director remuneration distribution; meeting attendance fees are paid according to market conditions. The directors' remuneration for performing their duties is based on principle of personal industry experience and professional participation in the company's business performance and company operations. In addition, a performance evaluation is conducted annually in accordance with company regulations, and weighted data is calculated based on each evaluation item before participating in the director remuneration distribution. . The evaluation items include but are not limited to director status, concurrent managers, meeting attendance rate, tenure, joint and several financial guarantees, self-evaluation of board performance, etc. The remuneration ratio is calculated after comprehensive consideration..

2. In addition to what is disclosed in the above table, the remuneration received by the company's directors for providing services (such as serving as non-employee consultants, etc.) to all companies included in the financial report in the most recent year: None

Note: Our company 2023 years The remuneration of directors and supervisors has not yet been approved by the shareholders' meeting and is only expressed in terms of estimated amounts of proposed distributions.

2. Directors' remuneration range:

Remuneration scale table

payRemuneration levels for each director of the Company	Director's name			
	Total remuneration of the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	Our company	All companies in financial reports	Our company	Parent company and all reinvested businesses
lower than 1,000,000 yuan	Xu Shengxin, Liu Qingwen, Sun Zhili, Chen Wenzhong, Zhang Changrong, Yang Chencabi, Wu Genzai, Li Shuxing, Chen Houming, Yao Xiubi, Rongyang Management Consulting Co., Ltd.	Xu Shengxin, Liu Qingwen, Sun Zhili, Chen Wenzhong, Zhang Changrong, Yang Chencabi, Wu Genzai, Li Shuxing, Chen Houming, Yao Xiubi, Rongyang Management Consulting Co., Ltd.	Xu Shengxin, Sun Zhili, Yang Chen Caibi, Wu Genzai, Li Shuxing, Chen Houming, Yao Xiubi	Xu Shengxin, Sun Zhili, Yang Chen Caibi, Wu Genzai, Li Shuxing, Chen Houming, Yao Xiubi
1,000,000Yuan (inclusive) ~2,000,000 yuan (notIncluding)	without	without	Chen Wenzhong, Zhang Changrong Rongyang Management Consulting Co., Ltd.	Chen Wenzhong, Zhang Changrong Rongyang Management Consulting Co., Ltd.
2,000,000 yuan (inclusive)~3,500,000 yuan (not included)	without	without	without	without
3,500,000 yuan (inclusive) ~ 5,000,000 yuan (exclusive)	Yang Hongren, Minsheng Medical Holdings (Co., Ltd.)	Yang Hongren, Minsheng Medical Holdings (Co., Ltd.)	Liu Qingwen	Liu Qingwen
5,000,000 yuan (inclusive)~10,000,000 yuan (not included)	without	without	without	without
10,000,000 yuan (inclusive)~15,000,000 yuan (not included)	without	without	Yang Hongren	Yang Hongren
15,000,000 yuan (inclusive) ~ 30,000,000 yuan (exclusive)	without	without	Minsheng Medical Holdings (Co., Ltd.)	Minsheng Medical Holdings (Co., Ltd.)
30,000,000 yuan (inclusive) ~ 50,000,000 yuan (exclusive)	without	without	without	without
50,000,000 yuan (inclusive) ~ 100,000,000 yuan (exclusive)	without	without	without	without
More than 100,000,000 yuan	without	without	without	without
total	13	13	13	13

3. Remuneration of the general manager and deputy general manager: (aggregated in accordance with the method of disclosing names based on grade level) Unit: NT\$ thousand; %

Professional title	Name	Salary(A)		retirement pension(B)		Bonuses and Special expenses, etc. (C)		staffRemunerationAmount (D)(Note)				A,B,C andDwaitFourtotal itemsandProportion of net profit after tax (%)		Receive investment from overseas subsidiary companiesor parent companyremuneration
		Our company	financial report All within company	Our company	All financial reports company	Our company	financial report All within company	Our company		All financial reports company		Our company	financial report Report to the internal office There is a company	
								cash amount	Stock amount	cash amount	Stock amount			
CEO	Yang Hongren	18,624	20,749	633	762	3,055	3,139	2,115	0	2,115	0	24,427 (19.61%)	26,765 (21.49%)	50
general manager	Liu Qingwen													
deputy general manager	Chen Pengxuan													
deputy general manager	Fu Lanying													
deputy general manager	Ke Weixin													
deputy general manager	Wu Mingxun													
Vice Presidentmanager	He Weiguang													
deputy general manager	Li Hongyi													
deputy general manager	Cai Yufang													

Note: Our company 2023 year Employee remuneration has not yet been resolved by the shareholders' meeting and is only expressed as an estimate of the proposed distribution.

4. Remuneration levels for the general manager and deputy general manager:

payRemuneration levels for each general manager and deputy general manager of the company	Name of general manager and deputy general manager	
	Our company	Parent company and all reinvested businesses
lower than 1,000,000 yuan	Chen Pengxuan	Chen Pengxuan
1,000,000 Yuan (inclusive) ~ 2,000,000 yuan (not including)	Fu Lanying, Ke Weixin, He Weiguang, Li Hongyi	Fu Lanying, Ke Weixin
2,000,000 yuan (inclusive) ~ 3,500,000 yuan (not included)	Wu Mingxun, Cai Yufang	Wu Mingxun, Cai Yufang, Li Hongyi, He Weiguang
3,500,000 yuan (inclusive) ~ 5,000,000 yuan (not included)	Liu Qingwen	Liu Qingwen
5,000,000 yuan (inclusive) ~ 10,000,000 yuan (exclusive)	Yang Hongren	Yang Hongren
10,000,000 yuan (inclusive) ~ 15,000,000 yuan (exclusive)	without	without
15,000,000 yuan (inclusive) ~ 30,000,000 yuan (exclusive)	without	without
30,000,000 yuan (inclusive) ~ 50,000,000 yuan (exclusive)	without	without
50,000,000 yuan (inclusive) ~ 100,000,000 yuan (exclusive)	without	without
More than 100,000,000 yuan	without	without
total	9	9

Note: Vice President Chen Pengxuan resigned on 2023.04.14, and Vice President Ke Weixin took office on 2023.06.01.

5. dispatch staff Remuneration The name of the manager and dispatch situation:

Unit: NT\$ thousand; %

April 25, 2024

Project	Professional title	Name	Stock amount	cash amount	total	Total net income after tax Proportion of (%)
manager	CEO	Yang Hongren	0	2,325	2,325	1.87%
	general manager	Liu Qingwen				
	deputy general manager	Chen Pengxuan				
	deputy general manager	Fu Lanying				
	deputy general manager	Ke Weixin				
	deputy general manager	Wu Mingxun				
	deputy general manager	He Weiguang				
	deputy general manager	Li Hongyi				
	deputy general manager	Cai Yufang				
	Accounting Supervisor	Huang Yamei				
	Audit supervisor	Leaf cultivation				

Note 1: Individual names and job titles should be disclosed, but profit distribution situations can be disclosed in an aggregated manner.

Note 2: The actual amount of employee compensation (including stocks and cash) distributed to managers approved by the board of directors in the most recent year is shown. If it cannot be estimated, the proposed distribution amount for the golden year will be calculated based on the proportion of the actual distribution amount last year. Net profit after tax refers to the net profit after tax for the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax for individual or individual financial reports in the most recent year.

Note 3: The scope of application for managers is as follows:

- (1) General manager and persons of equivalent rank
- (2) Deputy general manager and those of equivalent rank
- (3) Associate director and those with equivalent levels
- (4) Financial department manager
- (5) Accounting department manager
- (6) Other persons with the authority to manage affairs and sign for the company

Note 4: If directors, general managers and deputy general managers receive employee remuneration (including stocks and cash), they should fill in this form in addition to Appendix 1-2.

Note 5: Our company1Employee compensation for 2023 has not yet been approved by the shareholders' meeting and is only expressed as an estimate of the proposed distribution.

6. Remuneration policy:

(1) Remuneration setting and payment policy:

Directors' remuneration (including independent directors) is mainly divided into two parts: Directors' remuneration: including directors and supervisors' remuneration, Meeting attendance fees, transportation fees and business execution expenses; remuneration for part-time employees of directors: including salaries of part-time employees, various additional grants and bonuses.

Directors' remuneration is based on Article 21 of the company's articles of association: if the company makes a profit during the year, it shall The board of directors shall decide to allocate no more than 3% of the above-mentioned establishment profits as directors' remuneration. According to this Principles, individual parts of the company 2023 The provision ratio is 1% of net profit before tax. This ratio is via our company The 18th session of the 7th session Approved by the board of directors and proposed to 2024 After the shareholder meeting passes issued.

Director Executive position Remuneration for duties shall be based on the director's attendance, personal industry experience and professional involvement in the company's business performance and company operations. In addition, performance evaluations are conducted once a year in accordance with company regulations, and weighted information is calculated based on each evaluation item before participating in director remuneration distribution. The evaluation items include but are not limited to director status, concurrent managers, meeting attendance rate, tenure, joint and several financing guarantees, self-evaluation of board performance, etc. The remuneration ratio is calculated after comprehensive consideration.. The remuneration of directors and supervisors of other subsidiaries is also allocated in accordance with the company's articles of association and can only be paid after passing legal procedures. Conference attendance fee is determined based on market conditions and will be paid based on actual attendance at meetings of the board of directors, remuneration committee or audit committee.

The remuneration of employees (including managers) is based on the employee salary classification method established by the company, and is reviewed based on the scope of each job responsibility and with reference to industry standards, including: salary, various increments and bonuses, employee remuneration, etc.

Employee remuneration is based on Article 21 of the company's articles of association: if the company makes a profit during the year, it shall Allocate 6% to 10% as employee compensation, which shall be distributed in stocks or cash as determined by the board of directors issuance, its issuance objects include those that meet the under certain conditions Affiliated companies staff. Listed according to this principle, Individual parts of the company 2023 The

annual provision ratio is 6% of net profit before tax, which has been approved by the company

The 18th session of the 7th session Approved by the board of directors and proposed to 2024 passed by the shareholders' meeting.

The Company's employment and salary payment of managers shall be based on the talent requirements required for the company's operational development and in accordance with the scope of job responsibilities, and shall be submitted to the Remuneration Committee for review and approval by the Board of Directors; a performance appraisal system shall be implemented for managers during performance evaluation. ,The evaluation of this system includes the value of the individual's total performance to the organization, the ability to cooperate with members and team spirit, the risk of poor performance, whether there is work potential, and promotion evaluation, The scoring mechanism includes category selection and score evaluation. The payment principle is based on comprehensive considerations such as the management department's goal achievement rate and the company's profitability, in order to construct a reasonable, fair, motivating and inter-linked remuneration structure with operating performance.

(2) Correlation with operating performance and future risks:

The performance of the company's managers is based on the principle of risk management and control to ensure that possible risks within the scope of their responsibilities are addressed.

Based on management and prevention, the evaluation results are based on actual performance and linked to relevant rewards.

Relevant remuneration standards and systems are mainly based on the company's overall operating conditions and performance.

The payment standard is determined based on efficiency achievement rate and contribution. Also refer to industry salary standards to ensure that the company manage

The remuneration of management level is competitive in the industry to retain outstanding management talents.

The important decisions of the company's management level are based on various risk factors, and the performance of relevant decisions is reflected in the decision-making process.

The profit situation of the company is reflected in the distribution of annual year-end bonuses in addition to the linkage with performance bonuses of business departments.

The proportion of director's remuneration and general manager's and deputy general manager's remuneration to the company's after-tax net income in the most recent two years

Unit: Thousands of New Taiwan Dollars;%

Project Professional title	Our company				Consolidated statements for all companies			
	2022		2023		2022		2023	
	total amount	Proportion of net profit after tax	total amount	Proportion of net profit after tax	total amount	Proportion of net profit after tax	total amount	Proportion of net profit after tax
Directors' remuneration	7,677	2.62%	5,382	4.32%	8,782	2.99%	5,779	4.64%
Directors and employees remuneration	15,272	5.19%	15,931	12.79%	15,272	5.19%	15,931	12.79%
General Manager and Deputy General Manager Remuneration	25,123	8.55%	24,427	19.61%	29,927	10.18%	26,765	21.49%
net income after tax	293,946		124,557		293,946		124,557	

Note: The net profit after tax in 2023 was lower than that in 2022, so the proportion of relevant remuneration in the net profit after tax is relatively high.

The decrease in the amount of directors' remuneration is due to the decrease in the calculation of directors' remuneration. Directors' remuneration Distribution in accordance with company seal Proportional appropriation will be made and meeting attendance fees will be paid. Due to the decrease in net profit in 2023, Therefore, the amount of remuneration provision for directors decreased relatively; the amount of remuneration for the general manager and deputy general manager was not significantly different in the second year, mainly because The net profit after tax in 2023 decreased, so the proportion is relatively high. Employee remuneration has not yet been approved by the shareholders' meeting, and is only estimated based on the proposed amount.

3.3 Corporate governance operations

(1) Operations of the board of directors

112 annual board meeting 5 Second-rate(A), directors supervisor The attendance situation is as follows:

Professional title	Name (Note 1)	Actual attendance times(B)	Attend by proxy times	actual out(column) Attendance rate (%) 【 B/A 】 (Note 2)	Remarks
Chairman	Minsheng Medical Holdings (Co., Ltd.) Representative: Yang Hongren	5	0	100%	without
deputy director Chairman	Minsheng Medical Holdings (Co., Ltd.) Representative : Xu Shengxin	5	0	100%	without
director	Minsheng Medical Holdings (Co., Ltd.) Representative : Liu Qingwen	5	1	80%	without
director	Minsheng Medical Holdings (Co., Ltd.) Representative : Sun Zhili	5	0	100%	without
director	Minsheng Medical Holdings (Co., Ltd.) Representative: Chen Wenzhong	3	1	66.6%	on 112.06.30 New directors.
director	Rongyang Management Consulting Co., Ltd. Representative: Zhang Changrong	5	0	100%	without
director	Yang Chen Caibi	5	0	100%	without
Independence director	Wu Genzai	5	0	100%	without
Independence director	Li Shuxing	5	0	100%	without
Independence director	Chen Houming	5	0	100%	without
Independence director	Yao Xiubi	3	0	100%	on 112.06.30 New directors.

Other matters that should be recorded:

- 、 If the operation of the board of directors falls under any of the following circumstances, the date, period, content of the proposals, opinions of all independent directors and the company's handling of the opinions of independent directors and the company's handling of the opinions of independent Director
- (一) The company has set up an audit committee. The matters listed in Article 14-3 of the Securities and Exchange Act must be reviewed and approved by the audit committee before being submitted to the board of directors for resleution. 40. Other matters that should be recorded by the audit committee (1) 1) Matters listed in Article 14-5 of the Securities and Exchange Act.
- (二) Except for the matters mentioned above, other matters decided by the board of directors that have been opposed or reserved by independent directors and have records or written statements: None.

二、 When a director implements the recusal of an interest-related proposal, the director's name, content of the proposal, reasons for recusal and voting participation should be stated:

board of directors date	Farewell	Motion content	Benefit avoidance and reasons	Voting situation
112/12/22	The 17th session of the 7th session	Donation of NT\$1,000,000 to the United Medical Foundation	In this case, Director Yang Hongren avoided interests because of his related interests.	The Acting Chairman consulted the remaining directors present and the resolution was passed accordingly.
112/12/22	The 17th session of the 7th session	Principles for the payment of year-end bonuses to managers of our company	Director Yang Hongren in this case, Director Liu Qingwen avoided interests because of his related interests.	The Acting Chairman consulted the remaining directors present and the resolution was passed accordingly.

3. Listed OTC companies should disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self- (or peer) evaluation, as well as the daily implementation.

Evaluation cycle (Note1)	evaluation period (Note2)	Assessment scope (Note3)	Assessment method (Note4)	Assessment content (Note5)
Executed once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Board of Directors, functional committees and individual board members	Internal self-evaluation of the board of directors and self-evaluation of board members	1. Board performance evaluation: A.Participation in company operations B.Improve the quality of board decision-making C.Board composition and structure D. Selection and continuing education of directors E. Internal controls. 2. Performance evaluation of individual board members A.Mastery of company goals and tasks B.Awareness of Directors' Responsibilities C.Participation in company operations D. Internal relationship management and communication E. Directors' professional and continuing education F. Internal control

				3. Functional committee performance evaluation A.Participation in company operations B.Functional Committee Responsibilities Awareness C.Improve the decision-making quality of functional committees D. Functional committee composition and member selection E. Internal controls	
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Note 1: Fill in the execution cycle of the board of directors' evaluation, for example: once a year.
Note 2: Fill in the period covered by the board of directors' evaluation, for example: evaluate the performance of the board of directors from January 1, 2019 to December 31, 2019.
Note 3: The scope of evaluation includes performance evaluation of the board of directors, individual board members and functional committees.
Note 4: Evaluation methods include internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.
Note 5: The assessment content includes at least the following items according to the assessment scope:
(1) Board performance evaluation: at least including the degree of participation in the company's operations, the quality of the board's decision-making, the composition and structure of the board of directors, the selection and continuous training of directors, internal control, etc.
(2) Performance evaluation of individual director members: at least including the company's goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc.
(3) Performance evaluation of functional committees: degree of participation in company operations, awareness of functional committee responsibilities, decision-making quality of functional committees, functional committee composition and member selection, internal control, etc.

Implementation of the board of directors' evaluation: During the implementation period of the 2023 board of directors' performance evaluation, from January 1 to December 31, 2023, 11 self-assessment questionnaires for board members were issued, 11 were recovered, and the self-evaluation scores were average.96.8point. A self-evaluation questionnaire for the performance appraisal of the Board of Directors, Audit Committee, and Remuneration Committee was issued and scored by the corporate governance unit. The self-evaluation score for the performance appraisal of the Board of Directors was 97.9 points, and the self-evaluation scores for the performance appraisal of the Audit Committee and Remuneration Committee were 100 and 100 points respectively. The results were reported on Matter 8 at the 18th meeting of the seventh board of directors on March 15, 2024.

4. Strengthen the functions of the board of directors. The goals of strengthening the functions of the board of directors for the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of the implementation status.

1. The company has established an audit committee on June 27, 2018 to supervise and improve the quality of the board of directors' decision-making.
2. In terms of strengthening the functions of the board of directors: the company has formulated the "Standards of Procedure for the Board of Directors", the "Organizational Charter of the Audit Committee" and the "Organizational Charter of the Salary and Remuneration Committee" and the "Measures for the Performance Evaluation of the Board of Directors and Functional Committees", and the operations of the Board of Directors and functional committees. , evaluation, assessment, etc. are all handled accordingly.
3. In terms of improving information transparency: the company has spokespersons and acting spokespersons to respond to external inquiries, and has set up a company website (<https://www.share-hope.com/>), which covers: business development, investor relations, Corporate governance, stakeholders, ESG sustainable development and other special areas.

4. In May 2019, the "Standard Operating Procedures for Handling Directors' Requests" was formulated, and in November 2021, a corporate governance manager was established to assist directors in obtaining appropriate and sufficient information on company operations and provide the latest information on corporate governance-related laws and regulations revisions.
5. In compliance with regulatory requirements, our company conducted a total of 2 further training courses for directors on November 10, 2023, to ensure that directors meet the annual training hours requirements.

Note1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives should be disclosed.

Note2:(1)If a director or supervisor resigns before the end of the year, the date of resignation should be noted in the remarks column.(List)Attendance rate(%)The number of board meetings and actual output during the term of office shall be(List)Calculate the number of seats.

(2)Before the end of the year, if there is a re-election of directors and supervisors, the new and old directors and supervisors should be filled in, and the name of the director and supervisor should be stated in the remarks column as the old, new or re-elected director and the date of re-election. actually out(List)Attendance rate(%)The number of board meetings and actual output during the term of office shall be(List)Calculate the number of seats.

(2)The operation of the audit committee or the participation of supervisors in the operation of the board of directors

1. The company established an audit committee at the regular shareholder meeting on 2018.06.27 in compliance with Article 14-4 of the Securities and Exchange Act.
2. Annual work priorities of the Audit Committee

The Company's Audit Committee is composed of 4 independent directors. The main purposes of the Audit Committee are to ensure the proper presentation of the Company's financial statements, the selection (removal) and independence and performance of certified accountants, the effective implementation of internal controls, compliance with relevant laws and regulations and Supervision of the management and control of existing or potential risks. A summary of the annual work priorities is as follows:

(1) Review financial reports

Board of Directors of the Company 2023 The annual business report, financial statements and earnings distribution proposal, etc., among which the financial statements have been audited and completed by Anhou Jianye United Accounting Firm entrusted to issue an audit report. The above-mentioned operating report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and are considered to be consistent with each other.

(2) Review the effectiveness of internal controls

The Audit Committee reviews the procedures (and implementation results) of the company's internal control self-assessment system, and reviews the audit report of the audit department, including risk management and legal compliance. The audit manager regularly meets individually with the convener of the Audit Committee to understand the internal audit execution and verification process. Therefore, the Audit Committee believes that the company's risk management and internal control systems are effective and the company has adopted necessary control mechanisms to monitor and correct violations.

(3) Review the independence and performance evaluation of certification accountants

The Audit Committee evaluates the independence and competency of its certified accountants every year. In addition to requiring certified accountants to provide an "Independence Statement" and "Audit Quality Indicators"(AQIs)In addition, the independence assessment form and the independence assessment form are formulated with reference to the contents of the Bulletin on Professional Ethics for Accountants of the Republic of China No. 10 "Independence of Verification and Review"13itemAQIindicators for evaluation. The evaluation results for the most recent year have been113Year3moon15After discussion and approval by the daily audit committee, it will be reported to the113Year3moon15On the same day, the board of directors passed a resolution to evaluate the independence and competency of the accountants.

(4) Supervision of legal compliance and risk management

The Audit Committee deliberates in advance on the company's major investment returns and possible risks of asset transactions, the appointment and removal of audit supervisors, endorsements and guarantees, and other matters, and reports the results of the Audit Committee's deliberation during the board discussion.

3. The term of office of the current Audit Committee is from July 30, 2021 to July 29, 2024.Latest annual fortune

The operation situation is as follows:

Audit committee meeting5For time (A), the independent directors'

attendance is as follows:

Professional title	Name	Actual attendance (B)	Number of delegated attendances	Actual attendance rate (%) (B/A)(Note)	Remarks
independent director	Wu Genzai	5	0	100%	without
independent director	Li Shuxing	5	0	100%	without
independent director	Chen Houming	5	0	100%	without
independent director	Yao Xiubi	3	0	100%	112.06.30 new director

Other matters that should be recorded:

one, If the operation of the audit committee falls under any of the following circumstances, should state the date, period, content of the resolutions of the board of directors, the resolution results of the audit committee, and the company's handling of the opinions of the audit committee.

(one) certificate coupon payable Matters listed in Article 14-5 of the Act:

Audit Committee Date	Farewell	Motion content	Audit committee resolution results	The Company's handling of the audit committee's opinions
112/03/24	No. two session No. 11 Second-rate	<ol style="list-style-type: none"> 111 Annual business report and financial statements. 112 Annual visa accountant's independence and competency assessment case. 112 Annual visa accountant appointment case. Min Sheng General Hospital CT replacement and leasing purchase case. It is proposed to formulate the general principles for the company's pre-approval of non-confidential service policies. Review proposal for internal control system statement. 	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.
112/05/12	No. two session No. 12 Second-rate	<ol style="list-style-type: none"> Consolidated Financial Statements for the First Quarter of 2012. 111 annual surplus distribution case. The case of converting profits into capital and issuing new shares. 	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.
112/08/11	No. two session No. 13 Second-rate	<ol style="list-style-type: none"> 112 second quarter consolidated financial statements. Real estate sale case of our company's office building on Zhongming South Road, Taichung. Dialysis center business returns to Min Seng General Hospital. 	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.
112/11/10	The second session No. 14 Second-rate	<ol style="list-style-type: none"> Consolidated financial statements for the third quarter of 2012. 	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.
112/12/22	The second session No. 15 Second-rate	<ol style="list-style-type: none"> Formulate the 113 annual audit plan. Revision of the company's "Internal Control System" and "Internal Audit Implementation Rules". 	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.

113/03/15	The second session No.16 times	1. 112Annual business report and financial statements 2. 113Annual visa accountant's independence and competency assessment case 3. 113Annual visa accountant appointment case 4. Review proposal for internal control system statement	Passed as proposed	After being submitted to the board of directors for discussion, the resolution was passed.
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(2) In addition to the matters mentioned above, Other resolutions that have not been approved by the Audit Committee but must be approved by more than two-thirds of all directors: without.

two, When an independent director recuses himself from an interest-related proposal, the name of the independent director, the contents of the proposal, the reason for his recusal and his participation in voting should be stated.: without.

3. Communication status between independent directors and internal audit supervisors and accountants (should include Communicate on the company's financial and business status major matters, methods and results, etc.).

1. Communication situation between independent directors and audit supervisor

In addition to submitting monthly audit reports to the independent directors to report on the implementation of internal audits, the company's internal audit manager also regularly reports to the audit committee on the audit results and improvement of internal control deficiencies. If major violations are discovered or the company has suffered major damage, If necessary, report immediately to the members of the Audit Committee.

A summary of the main communication situations is as follows. None of the independent directors expressed any objections.

(1) Communicate with the Audit Committee:

date	Communication focus
112/03/24	1. Audit work execution status from October to December 2022. 2. 2022 self-assessment report on the internal control system.
112/05/12	Audit work execution status from January to March 2023.
112/08/11	2023 years 4 solstice 6 Monthly audit work execution status.
112/11/10	2023 years 7 solstice 9 Monthly audit work execution status.
112/12/22	1. 2022 Tracking matters for the annual internal control system self-assessment operation level inspection. 2. 2024 Annual audit plan. 3. Revised the company's "Internal Control System" and "Internal Audit Implementation Rules" Some provisions.
113/03/15	1. 2023 The status of audit work execution from October to December of this year. 2. 2023 Annual self-assessment report on the internal control system.

(2) With independent director Communicate individually:

date	Communication focus
112/03/20	1. Audit work execution status from October to December 2022. 2. 2022 self-assessment report on the internal control system. 3. 2023 First quarter audit assignments should be implemented.
112/05/08	1. Audit work execution status from January to March 2023. 2. The audit work should be carried out in the second quarter of 2023.

112/08/11	<ol style="list-style-type: none"> 1. 2023 years4solstice6Monthly audit work execution status. 2. The audit work should be performed in the third quarter of 2023.
112/11/10	<ol style="list-style-type: none"> 1. 2023 years7solstice9Monthly audit work execution status. 2. The audit work should be implemented in the fourth quarter of 2023.
112/12/22	<ol style="list-style-type: none"> 1. 2022 Tracking matters for the annual internal control system self-assessment operation level inspection. 2. 2024 Annual audit plan. 3. revised versionThe Company's "Internal Control System" and "Internal Audit Implementation Rules"Some provisions.
113/03/11	<ol style="list-style-type: none"> 1. 2023 The status of audit work execution from October to December of this year. 2. 2023 Annual self-assessment report on the internal control system.

2. Communication situation between independent directors and certified accountants

The company's certified accountants regularly report to the Audit Committee the results of the annual financial statement review or review, as well as other communication matters required by relevant laws and regulations. If there are special circumstances, they will also report to the Audit Committee members immediately.

A summary of the main communications between independent directors and certified accountants in 2023 is as follows. None of the independent directors expressed any objections.

date	Communication focus
112/03/24 Audit Committee, board of directors	<ol style="list-style-type: none"> 1. Verification results of 2022 annual financial statements and consolidated financial statements. 2. Passed the independence and competency assessment case of our company's certified accountant 3. The accountant discussed and communicated with the questions raised by the participants.
112/05/12 Audit Committee, board of directors	<ol style="list-style-type: none"> 1. Reconciliation results of consolidated financial statements for the first quarter of 2023. 2. The accountant discusses and communicates the questions raised by the participants.
112/08/11 Audit Committee, board of directors	<ol style="list-style-type: none"> 1. Reconciliation results of consolidated financial statements for the second quarter of 2023. 2. The accountant discusses and communicates the questions raised by the participants.
112/11/10 Audit Committee, board of directors	<ol style="list-style-type: none"> 1. Reconciliation results of consolidated financial statements for the third quarter of 2023. 2. The accountant discusses and communicates the questions raised by the participants.
113/03/15 Audit Committee, board of directors	<ol style="list-style-type: none"> 1. 2023 Review results of annual financial statements and consolidated financial statements. 2. Passed the independence and competency assessment case of our company's certified accountant. 3. The accountant discussed and communicated with the questions raised by the participants.

3. Communication situation between independent directors, audit supervisor and accountants

date	Communication focus
112/03/24	Report on the consolidated and individual financial report results and key audit matters in 2022, and discuss and communicate the impact of the newly revised laws.
112/11/10	Annual review plan- Communicate the scope of the audit and matters of concern (including key audit matters).

113/03/15	112Annual consolidated and individual financial reporting results and internal control review status report, and forKey verification items,Discuss and communicate implementation status and results.	
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Continuing education for directors and supervisors

Director and Supervisor	Name	further education date	Sponsor	Course name	Hours of further study
Corporate director representative	Yang Hongren	112/06/21	corporate body china corporate governance association	Corporate Governance and Securities Regulation	3
		112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
Corporate director representative	Xu Shengxin	112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
Corporate director representative	Sun Zhili	112/08/02	China Intangible Assets and Enterprise Evaluation Association	Measuring sustainable value, ESG is the key to success: corporate sustainability evaluation analysis	3
		112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
Corporate director representative	Zhang Changrong	112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
Corporate director representative	Liu Qingwen	112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
Corporate director representative	Chen Wenzhong	112/08/07	Securities counter trading center	Shangguixingke Company Insider Equity Promotion Briefing	3
		112/09/15	Securities and futures markets development foundation	"Advanced Seminar for Directors and Supervisors (Including Independent) and Corporate Governance Supervisors - How to Enhance the Credibility of Corporate Sustainability Reports"	3
		112/09/15	corporate body china corporate governance association	How to discuss board meetings? Practical sharing on common deficiencies in the operation of board meetings of listed companies	3
		112/10/26	Securities and futures markets development foundation	"Advanced practical seminar for directors and supervisors (including independent) and corporate governance supervisors - shareholders' meetings, management rights and equity strategies"	3
director	Yang Chen Caibi	112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3

Director and Supervisor	Name	further education date	Sponsor	Course name	Hours of further study
independent director	Wu Genzai	112/09/06	Accountant of the Republic of China national federation of trade unions	A brief discussion on the impact of sustainable development action plans and institutional management measures on the accounting industry	3
		112/10/23	Accountant of the Republic of China national federation of trade unions	Latest cleaning trends and business	3
		112/11/08	Accountant of the Republic of China national federation of trade unions	Analysis on the practical operation of independent directors and audit committee	3
		112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
independent director	Chen Houming	112/07/25	corporate body china corporate governance association	Introduction to Corporate Governance 4.0	3
		112/07/25	corporate body china corporate governance association	Trade secret protection and fraud prevention practices	3
independent director	Li Shuxing	112/09/01	Chinese Independent Directors Association	"Fubon Prevention Lecture - International Perspective" The world's largest financial corruption case - 1MDB	3
		112/09/01	Chinese Independent Directors Association	Industry changes, opportunities and challenges under generative AI	3
		112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3
independent director	Yao Xiubi	112/06/30	corporate body china corporate governance association	Competition for management rights and case analysis	3
		112/06/30	corporate body china corporate governance association	Trends and risk management of digital technology and artificial intelligence	3
		112/11/10	corporate body china corporate governance association	Group governance	3
		112/11/10	corporate body china corporate governance association	Net zero emissions, carbon neutrality and corporate compliance	3

(3)Corporate governance operations and their differences and reasons from the Code of Practice for the Governance of Listed and Overseas Companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
1. Does the company formulate and disclose a corporate governance code of practice in accordance with the corporate governance code of practice for listed companies?	√		<p>1. The company formulates the company's "company Governance Code", passed the resolution of the 19th meeting of the fourth session of the Board of Directors on March 18, 2015.</p> <p>2. On March 24, 2023, the Company passed the revised "Company Governance Code".</p> <p>3. The company's current operating methods are in line with the spirit of the "Code of Practice for the Governance of Listed and Over-the-Counter Companies", and based on the "Code of Practice for the Governance of Listed and Over-the-Counter Companies" and taking into account the actual operational needs of the company, the "Board Meeting Rules" and "Shareholders' Meeting Rules" have been formulated. Rules, "Code of Ethical Conduct", "Director Election Methods", "Corporate Governance Code", "Sustainable development" Code of Practice, "Integrity Management Operating Procedures and Guidelines for Conduct" and other measures require all employees to strictly follow the rules.</p> <p>4. The company's governance code and various related corporate governance measures have been disclosed on the company's website, annual report and public information observatory. Investors can download it from the company's website\Corporate Governance\Corporate Governance Regulations.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies
2. Company equity structure and shareholders' rights and interests (1) Has the company established internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implemented them in accordance with the procedures?	√		<p>1. The company has established a "spokesperson system specification" in which the spokesperson or acting spokesperson cooperates with the stock agency to jointly handle shareholders' suggestions and doubts.</p> <p>2. In the event of shareholder disputes and litigation matters, regulations room Be responsible and handle it together with the company's legal advisor and appointed lawyer.</p> <p>3. Our company website\investor relations\Investor services include specific contact persons and contact information to specifically respond to investor questions.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
(2) Does the company know the list of major shareholders who actually control the company and the ultimate controller of the major shareholders?	√		<p>1.The company has designated a dedicated financial office person to update the stock agency on the situation of the major shareholders that actually control the company at any time; and establish communication channels with relevant personnel designated by the major shareholders to grasp the information of the major shareholders.</p> <p>2.Responsible personnel regularly conduct their owntoThe Ministry of Economic Affairs' industrial and commercial registration website inquires about the main legal person shareholders and their registration changes of legal person shareholders.</p> <p>3.The major shareholders of the company's legal person shareholders, and if the major shareholders are legal persons, their major shareholders and shareholding information are disclosed inOur company website,annual reportand public information observatory, investors can go to the company's website\investor relations\Shareholders Meeting Information\Top Ten Shareholders Inquiry.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies
(3) Has the company established and implemented a risk control and firewall mechanism with its affiliated enterprises?	√		<p>1.The company has formulated "Subsidiary Supervision Operation Measures", "Relationship people mutual financial business related Operating Standards,Make the reinvested business more effective in management, finance, and businessmanageThere is clearStrategies and specific work specifications. Exception requirementsBusiness transactions between our company and related companiesMustIn line with the principles of fairness, openness and impartialityoutside,as well asRequire and assist subsidiaries to establish sound accounting and financial systems,critical job controletc., and guide them in formulating internal control systems.</p> <p>2.Auditors of the companyAccording to the "Annual Audit Plan"Perform audits on subsidiaries to confirm that the operating activities and related control operations of the subsidiaries are operating effectively.</p> <p>3.For subsidiaries that have not yet been publicly issued, their major business and financial matters and proposals submitted to the board of directors must be reviewed in advance by the company's investment management unit and responsible managers before proceeding.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
(4) Has the company established internal regulations to prohibit company insiders from using undisclosed information in the market to buy and sell securities?	√		<p>1. In order to prevent insiders from using undisclosed market information to buy and sell securities, the Company has formulated the "Insider Trading Prevention Management Measures" and requires all personnel to implement them.</p> <p>2. The company is based on the Financial Supervisory Commission Letter No. 1100373495 dated December 6, 2021 from the Financial Supervisory Commission simultaneously amended the "Administrative Measures for Preventing Insider Trading" and was approved by the 6th meeting of the seventh session of the Board of Directors on March 25, 2022. New colleagues responsible for stock affairs and board meetings were added The unit shall fulfill</p>	Comply with the provisions of the code of practice for corporate governance of listed companies
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Whether the board of directors has formulated a diversification plan policy, specific management objectives and implement it?</p>	√		<p>1. Our company Revised as approved by the 22nd meeting of the fifth session of the Board of Directors on May 9, 2018 "Measures for Election of Directors", this method Article 3 clarifies that the composition of board members should consider the policy of diversity. In addition to basic conditions, there are also standards for professional qualities, skills, and management capabilities to achieve the purpose of comprehensive supervision.</p> <p>2. There are two directors of the company who are also managers of the company, accounting for one director seat. ratio 18%, not exceeding one-third of director seats.</p> <p>3. Our company settings Four He is an independent director who possesses the professional qualifications and work experience required by the company in management, finance, and accounting, and is of substantial help to the company in implementing investor protection and strengthening corporate governance. independent director Accounting for 33% of director seats, Currently, none of them have served more than three terms. Including independent director Wu Genzai took office on June 27, 2018, independent director Li Shuxing took office on June 28, 2019, and independent director Chen Houming took office on July 30, 2023., Yao Xiubi in dependent director June 30, 2023 in office.</p> <p>4. This setting eleven Director seats, including seven directors, and Four The board of directors is an independent director. The diverse work experience and professional qualifications of the board of directors are complementary. The relevant implementation status is as follows, which is disclosed on the company's website and annual report. Investors can go to the company's website \Corporate Governance\Board of Directors\Members Diversified Situation and Professional Competence Matrix Data query.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)										Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies																																																																																																																																															
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			<table><tr><th rowspan="2">Director Name</th><th colspan="10">Core Project</th></tr><tr><th>Staff</th><th>Seniority of Independent Director</th><th>Operational Judgment</th><th>Accounting and Financial Analysis Ability</th><th>Management ability</th><th>Crisis handling ability</th><th>Industry knowledge</th><th>International Market View</th><th>Leadership</th><th>Decision-making capacity</th></tr><tr><td>Yang Hongren</td><td>✓</td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Xu Shengxin</td><td></td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Liu Qingwen</td><td>✓</td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Sun Zhili</td><td></td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Chen Wenzhong</td><td>✓</td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Zhang Changrong</td><td>✓</td><td>0</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Yang Chen Caibi</td><td></td><td>0</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td>✓</td></tr><tr><td>Wu Genzai</td><td></td><td>5</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr><tr><td>Li Shuxing</td><td></td><td>4</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Chen Houming</td><td></td><td>2</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Yao Xiubi</td><td></td><td>1</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr></table>									Director Name	Core Project										Staff	Seniority of Independent Director	Operational Judgment	Accounting and Financial Analysis Ability	Management ability	Crisis handling ability	Industry knowledge	International Market View	Leadership	Decision-making capacity	Yang Hongren	✓	0	✓	✓	✓	✓	✓	✓	✓	✓	Xu Shengxin		0	✓	✓	✓	✓	✓	✓	✓	✓	Liu Qingwen	✓	0	✓	✓	✓	✓	✓	✓	✓	✓	Sun Zhili		0	✓	✓	✓	✓	✓	✓	✓	✓	Chen Wenzhong	✓	0	✓	✓	✓	✓	✓	✓	✓	✓	Zhang Changrong	✓	0	✓	✓	✓	✓	✓	✓	✓	✓	Yang Chen Caibi		0	✓	✓			✓			✓	Wu Genzai		5	✓	✓	✓	✓	✓		✓	✓	Li Shuxing		4	✓	✓	✓	✓	✓	✓	✓	✓	Chen Houming		2	✓	✓	✓	✓	✓	✓	✓	✓	Yao Xiubi		1	✓	✓	✓	✓	✓	✓	✓	✓	
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(2) In addition to setting up a salary and remuneration committee and an audit committee in accordance with the law, does the company voluntarily set up other functional committees?	√		<p>1. In addition to the "Salary and Remuneration Committee" and the "Audit Committee", the companyIn order to improve the corporate governance structure,A "Special Committee on Mergers and Acquisitions" was also established.</p> <p>2. The Company passed the "Organizational Rules of the Merger and Acquisition Special Committee" at the eighth meeting of the fifth session of the Board of Directors on July 6, 2016, and has implemented them since 2016.</p> <p>3. The company has established the "Organizational Rules of the Salary and Remuneration Committee", the "Organizational Rules of the Audit Committee" and the "Organizational Rules of the Special Mergers and Acquisitions Committee", which serve as the management basis for the "Salary and Remuneration Committee", "Audit Committee" and "Special Mergers and Acquisitions Committee" respectively. .</p>									Comply with the provisions of the code of practice for corporate governance of listed companies																																																																																																																																														

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
(3)Has the company formulated a board of directors performance evaluation method and evaluation method, conducts performance evaluations every year and regularly, and reports the results of performance evaluations to the board of directors, and uses them as a reference for individual directors' salary and remuneration and nomination for renewal?	√		<p>1. The company has adopted the "Board of Directors Performance Evaluation Method" and its evaluation method at the fifth session of the fifth session of the Board of Directors on December 23, 2015, and has implemented it since 2015. The board of directors and the individual performance evaluation of director members.</p> <p>2. The company added functional committee performance evaluation in 2018, and revised the "Board of Directors and Functional Committee Performance Evaluation Methods" at the 17th meeting of the sixth board of directors on December 25, 2020.</p> <p>3. Board of Directors and Functional CommitteesPerformance evaluation methods, evaluation methods and evaluation results are disclosed to the companyWebsite, annual report, investors can go to the company's website\Investorsrelation\Corporate Governance Inquiry.</p> <p>4.In August 2023, the company entrusted an external organization, the China Corporate Governance Association,Board performance evaluation for the period from September 1, 2022 to August 31, 2023,In addition to reviewing in writing the relevant documents required for the assessment provided by the company, the association,And on September 27, 2023, four evaluation experts were appointed to the company to conduct on-site interviews.,With the Chairman of the Company,general manager,independent director,Interviews with corporate governance supervisors and audit supervisors, and issued a board performance evaluation report on October 16, 2023. The evaluation results have been completed and reported to the board of directors on November 10, 2023. The recommended matters of the evaluation results include: suggesting the connection between illegal reporting management and independent directors, establishing a written document for the director's training mechanism, and formulating the performance of the board of directors and functional committees.KPIIt is also included in the self-assessment items, the performance appraisal of internal audit should take into account the opinions of the audit committee, the establishment of a sustainable development committee and the preparation of sustainability reports, etc.</p> <p>5.2023 The results of the annual board performance evaluation were released on November 2024 March 15 The 10th session of the 7th session eight Eighth report on matters reported to the board of directors. The assessment implementation period starts from 2023 January 1~2023 Ends on December 31st. The self-evaluation questionnaire for the performance</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
			<p>evaluation of the board of directors and the self-evaluation questionnaire for the performance evaluation of the functional committees are scored by the corporate governance unit. The self-evaluation score of the board of directors' performance appraisal is 97.9 points, the audit committee performance appraisal self-score is 100 points, The salary and remuneration committee's performance appraisal self-evaluation score is 100 point.</p> <p>6. The company's "Salary and Remuneration Committee" is based on the performance evaluation results of the board of directors, as well as the attendance rate, industrial experience, professional skills, and personal performance, The company's long-term operating performance, and perform independent duties as a reference for the salary and remuneration of board members.</p> <p>7. The suitability of the company's board of directors members, as mentioned in the previous paragraph, will be evaluated based on performance as a list of nominees for re-election as directors or independent directors of the company. After discussion by the board of directors, the list will be submitted to the shareholders' meeting for a vote.</p>	
(4) Does the company regularly evaluate the independence of certified accountants?	√		<p>1. The company's audit committee regularly evaluates the independence of certified accountants every year and suitability, and then submit the evaluation results to the board of directors.</p> <p>2. Company evaluation results 2023 March 24 After the resolution of the Audit Committee was passed, and report 2023 March 24 The board of directors passed the resolution on. The evaluation mechanism is as follows:</p> <p>2.1. Refer to Article 47 of the Law on Meeting of Masters, Announcement No. 10 of the Code of Ethics for the Accounting Professionals And self-evaluate the independence and competency of the accountant based on the independence statement and audit quality indicators (AQIs) provided by the accountant..</p> <p>2.2. independence There are 15 items evaluated, which are described as follows:</p> <p>(1) As of the latest visa operation, there has been no change for seven years.</p> <p>(2) There is no significant financial interest in the client.</p> <p>(3) Avoid any inappropriate relationship with the client.</p> <p>(4) Accountants should ensure that their assistants are honest, Impartiality and</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
			<p>independence.</p> <p>(5) The financial statements of the service organization within the two years before practice are not allowed to be checked for visas.</p> <p>(6) The name of the accountant shall not be used by others.</p> <p>(7) Does not hold shares in the company or related companies.</p> <p>(8) There is no money loan or borrowing with the company or its affiliated companies.</p> <p>(9) There is no joint investment or interest-sharing relationship with the company or its affiliated enterprises.</p> <p>(10) Those who do not concurrently hold regular jobs in the company or affiliated enterprises shall receive a fixed salary.</p> <p>(11) It does not involve the management function of making decisions for the company or its affiliated enterprises.</p> <p>(12) Not concurrently engaged in other businesses that may lose its independence.</p> <p>(13) No spouse of the company's management personnel, Direct consanguinity, direct marriage, or collateral consanguinity within the second degree of consanguinity.</p> <p>Department.</p> <p>(14) No business-related commissions are collected.</p> <p>(15) So far, there has been no punishment or anything that has compromised the principle of independence.</p> <p>2.3.The assessment contents of the above items are all consistent with the independence of the accountants and Qualifiedsex.</p>	

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
4. Whether listed OTC companies have competent and appropriate numbers of corporate governance personnel, and designate corporate governance managers to be responsible for corporate governance-related matters(including but notIt is limited to providing the information required by directors and supervisors to perform their business, assisting directors and supervisors in complying with laws, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, and preparing minutes of board of directors and shareholders' meetings, etc.)?	√		<p>1. In order to comply with the Corporate Governance 3.0 issued by the Financial Supervisory Commission, strengthen the functions of the board of directors to enhance the sustainable value of the enterprise,Our companyIn accordance with Articles 20 and 23 of "Key Points to be Followed in the Establishment and Exercise of the Board of Directors of Listed Companies", on November 5, 2021, the third meeting of the seventh board of directors approved the appointment of Fu Lanying, deputy general manager of the general manager office, to concurrently serve as the director of corporate governance.,Assist with corporate governance assessments.Deputy General Manager Fu Lanying has served as the company's audit supervisor for 3 years, responsible for the board of directors and shareholders' meetings, and arranged training courses for directors and supervisors for more than 3 years., qualified as a corporate governance supervisor. Mainly responsible for the following business contents:</p> <p>1.1 Assist the board of directors in meeting affairs operations.</p> <p>1.2 Provide board members with the latest corporate governance-related laws and regulations revision information, such as: on August 11, 2023 Report of the 15th meeting of the 7th Board of Directors on "Sustainable Development Action Plan for Listed OTC Companies".</p> <p>1.3 Promote corporate governance assessment work.</p> <p>1.4 Execution of external evaluation of board performance, most recently carried out in September 2023, obtained by the China Corporate Governance Association Proof of performance evaluation issued by the board of directors.</p> <p>1.5 Review the qualifications of independent director nominees and report the results to the board of directors.</p> <p>2. The company's board of directors designates the board of directors affairs unit to be responsible for the finance office., a dedicated person is responsible for coordinating and providing the information required for directors to perform business and corporate governance-related matters, including:</p> <p>2.1Seven days before the meeting of the Board of Directors/Audit/Salary and Remuneration Committee, the reasons for the convening and sufficient meeting</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
			<p>materials will be notified to each meeting member respectively; each meeting of The minutes shall also be signed or stamped by the chairman and record-keeper of each meeting respectively, and shall be distributed to all meeting members within 20 days after the meeting, and shall be included in the company's important files for safekeeping.</p> <p>2.2 Assist directors in taking office and complying with laws; and Assist directors in completing annual refresher courses.</p> <p>2.3 Provide company information required by directors, maintain smooth communication between directors and managers, and assist in arranging arrangements between independent directors and internal audit supervisors, certified accountants, or other internal units; director communication meetings to facilitate the independent directors to execute their business.</p> <p>2.4 In line with the latest laws and regulations related to the company's business field and corporate governance, amend the internal regulations related to corporate governance and submit them to the board of directors for resolution.</p> <p>2.5 Complete this book; company director's insurance or Warranty renewal work.</p> <p>2.6 Preparing, convening, and producing minutes of shareholders' meetings and other stock-related matters, and providing sufficient information to shareholders to ensure that shareholders' rights and interests are well protected.</p> <p>2.7 Responsible for checking the release of major information to ensure the legality and accuracy of major information content to ensure the equality of investor trading information.</p>	
5. Whether the company has established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and Set up a stakeholder area on the company	√		The company is willing to take responsibility for its employees, customer, shareholders, supplier, the community and the overall environment, not only plays a role in sustainable growth, but also actively implements corporate corporate responsibility. The company has good communication channels and dedicated personnel who are responsible for listening to the needs of various stakeholders and interpreting, responding and tracking the feedback information collected through different communication channels according to the status of the	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies				
	yes	no	Summary description					
website and appropriately respond to important corporate social responsibility issues that stakeholders are concerned about?			issues. There is also a set of interests and benefits on the company website. Contact area. The following are the priority issues and communication status of the Company's relevant stakeholders:					
			Stakeholder categories		Prioritize issues	Communication and response mechanism	response department	contact window
			investor		<ul style="list-style-type: none">•Company vision•Operating performance and financial information•Shareholders' Equity•Corporate Governance•Sustainable development strategy•Risk management•Compliance•Corporate image	1. Annual report and shareholders meeting: Financial performance of the company's operating conditions each year 2. companyWebsite: Investor area updates information from time to time 3. Spokesperson and stock department 4. Public information observatory 5. Dhamma talk session	<ul style="list-style-type: none">• Spokesperson• Acting Spokesperson• Stock Affairs	[Spokesperson Mr. Ho] (03)346-9595 vincent.ho@share-hope.com
			customer		<ul style="list-style-type: none">•Customer privacy & satisfaction•Customer rights protection•Customer relationship maintenance•Service (product) quality•Information transparency & security	1. Personnel from various business departments visit customers from time to time, Communicate and understand service quality, etc. 2. Each department conducts regular customer satisfaction surveys	<ul style="list-style-type: none">• Various business departments	[Ms. Zheng from the General Manager's Office] (03)336-1508#525 A003799@share-hope.com

Assessment project	Operation status (Note)						Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies	
	yes	no	Summary description					
			staff	<ul style="list-style-type: none">• Employee salary and welfare policy• Labor-management relations• Talent training and development• Occupational health and safety• Employee appraisal mechanism	1. Announce company policies and various employee welfare matters from time to time through the company's intranet 2. Establish an employee welfare committee, regular quarterly meetings and communication 3. Convene a labor-management meeting every quarter 4. Provide free employee health examinations every year 5. Conduct employee performance appraisal every six months 6. Set up employee mailboxes to provide employees with feedback and appeal channels	• Human Resources Office	[Ms. Li from the Human Resources Office] (03)346-9595#603,582 shhr@share-hope.com	
			Government and competent authorities	<ul style="list-style-type: none">• Compliance• Corporate Governance• Communication with competent authorities	1. Publicity of government orders and promotion of related systems 2. Attended by relevant units from time to	<ul style="list-style-type: none">• Spokesperson• Acting Spokesperson	[Ms. Ye from the Audit Office] (03)346-9595#600 A003976@share-hope.com	

Assessment project	Operation status (Note)						Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies	
	yes	no	Summary description					
				•Risk management	time,Participate in symposiums/public hearings/policy briefings held by competent authorities, etc. 3. Return of official documents and correspondence 4. Cooperate with the competent authorities in supervision and verification 5. Visit the competent authorities, establish direct communication opportunities	• Audit Department		
			supplier	• Supplier management • Information transparency & security	1.Ask suppliers to sign a letter of commitment to operate with integrity 2.When signing a contract with a major supplier,All content must comply with the company's corporate integrity management and business ethics requirements.	• General Manager's Office	[Ms. Zheng from the General Manager's Office] (03)336-1508#525 A003799@share-hope.com	
			media	•Corporate image • Operational	1.Conduct two-way communication with	• Spokesperso	[Deputy General Manager/Spokesperson	

Assessment project	Operation status (Note)							Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description					
				strategy • Operating performance & financial information • Social Responsibility and Care • Communicate with the public and investors	the media from time to time through a public relations company,Convey the company's business philosophy and important operating strategies to the society and investors, etc. 2.Issuing press releases related to operations from time to time 3. Accept media interviews and inquiries from time to time (real-time)	n • Public relations company	Mr. Ho] (03)346-9595 vincent.ho@share-hope.com	
6. Does the company appoint a professional stock affairs agency to handle shareholders' meeting affairs?	√		The company appoints a professional stock agency "Qunyi Jinding Securities Co., Ltd. Stock Agency Department" to handle matters related to the shareholders' meeting to safeguard the rights and interests of shareholders.					Comply with the provisions of the code of practice for corporate governance of listed companies
7. Information Disclosure (1) Does the company set up a website to disclose financial business and corporate governance information?	√		The company's corporate governance and financial business information has been disclosed on the company's website at: https://www.share-hope.com , investors can go to the company's website to inquire.					Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
(2) Does the company adopt other methods of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, placing the company website during corporate briefings, etc.)?	√		<p>1.Our companyThe website has erect english Version net Page provides investment public inquiries.</p> <p>2.Our company has dedicated personnel for all information that should be disclosedres ponsible handle.</p> <p>3.The briefing notes and audio files of the legal person's briefing have been published on the company's website. Investors can go to the company's website\Investor Relations\Important newsQuery.</p> <p>4.The company implements the spokesperson system. The investing public can use the company's website\Investor Relations\Investor Services, contact the spokesperson and acting spokesperson by phone or email.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies
(3) Whether the company announces and files its annual financial report within two months after the end of the accounting year,and announce in advance and declare the first,two, three quarter financial reports and operating conditions in each month?		√	The company currently relies on"Business matters to be handled by issuers of listed securities"Declaring financial reports and operating conditions for each month on the prescribed date, announcing and filing the annual financial report within two months after the end of the fiscal year, and making early announcements before the prescribed deadline.	Make announcements and declarations before the deadlines stipulated by laws and regulations
8. Does the company have other important information that is helpful in understanding the operation of corporate governance (including but not limited to employee rights,employee care, investor relations,Supplier relationships, rights of interested parties, the status of further education for directors and supervisors, the implementation of risk management policies and risk measurement	√		<p>1.Corporate Governance of the CompanyImportant information about operations,Including: corporate governance regulations, information related to investor relations, priority issues and communication status of stakeholders, ESG sustainable development promotion policies and implementation status, etc.It has been disclosed on the company's website, and investors can check it on the company's website.</p> <p>2.Our company website\interested parties\Stakeholder priority issues, providing employees, suppliers, customers,Investors, suppliers, governments and authorities, media,Business ethics link window information and response mechanism.</p> <p>3. The company has always attached great importance to employee rights and employee care,Regularly hold employee welfare and labor-management meetings every quarter,and provide regular health checks for employees.</p>	Comply with the provisions of the code of practice for corporate governance of listed companies

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?			<p>4. The company provides multiple channels for shareholders to,Stakeholders and customers can know the company's operating status and financial status in real time,Keep open lines of communication,Working well.</p> <p>5. The company adheres to the business philosophy of always being honest and establishes long-term cooperative relationships with suppliers. Since 2021, it has required suppliers to sign a letter of commitment to operating with integrity. By 2023, 531 signatures had been completed.</p> <p>6.The company's major policies regarding operations,Invest, bank financing, endorsement guarantees and capital loans and other major proposals, all are evaluated and analyzed by the responsible units in accordance with the company's relevant regulations, and then submitted to the board of directors and the audit committee for resolution, and supervision and risk control mechanisms are implemented.</p> <p>7. The company arranges directors to participate in relevant professional knowledge training from time to time.,and obtain a certificate of further training hours.</p> <p>8.The company passed the 12th session of the 7th Board of Directors on December 23, 2022 The "Risk Management Code of Practice" includes the company's risk management policies and procedures, and a risk management working group under the Audit Committee is responsible for promoting the work.</p> <p>9. The company purchases liability insurance for directors and supervisors: on 2023 May 12The 7th session of the fourteen Sub-Board Report 2023 Annual directors and supervisors liability insurance coverage, insurance period starts from 2023 From May 1st to May 11th3Year5moon1As of today, the total insured amount is NT\$30 million.</p>	

Assessment project	Operation status (Note)			Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies
	yes	no	Summary description	
Nine,Please explain the improvement in the corporate governance assessment results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancement matters and measures for those that have not yet been improved. (Those who are not included in the rated companies do not need to fill in)				
Our company 2023 (th)ten) corporate governance assessment scores rank among listed companies:6%~20%, total score76.10.compared with the previous yearenterstep 7.25 points, the review is as follows: <u>improvedindicator:</u> 1. 1.11 Upload the English version of the annual report 16 days before the regular shareholders' meeting. 2. 2.22 Replacement of functions of risk management committee by audit committee,A working group is set up under the Audit Committee as the risk management promotion and execution unit.;The 2023 risk management operation was reported at the 17th meeting of the 7th Board of Directors on December 22,and published on the company website. 3. 2.23 The company entrusted the Corporate Governance Association to handle the "Board of Directors Performance Evaluation" from August to September, 2023. The evaluation data period was from September 1, 2022 to August 31, 2023, using both questionnaire review and on-site interviews. Partially carried out. The evaluation results, suggestions from external experts and possible improvements were reported at the 16th meeting of the 7th Board of Directors on November 10, 2023. The content of the report was disclosed on the company's website. 4. 3.5 Upload the annual financial report disclosed in English 16 days before the regular shareholders' meeting.. 5. 3.6 Disclose the interim financial report in English within two months after the filing deadline for the Chinese version of the interim financial report. <u>Specific improvement plans have been drawn up:</u> 1. The company will After the comprehensive re-election in 2024, Establish a sustainable development committee, towards Preparation of sustainability reports and improvement of information disclosure. 2. According to the principle of materiality, Environment related to company operations, Risk assessment of social or corporate governance issues, and based on the assessed risk, Develop relevant risk management policies or strategies. Report and review to the board of directors.				

Note: Whether the operation status is checked "Yes" or "No", it should be described in the summary description field.

(4) If the company has a remuneration committee, it should disclose its composition, responsibilities and operations:

1. Information on members of the Salary and Remuneration Committee April 25, 2024

separation (Note 1)	condition Name	Professional qualifications and experience (Note 2)	Suitable for independence (Note 3)	Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies
independent director (convener)	Li Shuxing	<ol style="list-style-type: none"> Period of office: 110/7/30-113/7/29. Current position: Chair Professor of Accounting Department and Dean of School of Management, Tunghai University Honorary Professor, Department of Accounting, National Taiwan University Current position: Full-time professor at the School of Management, National Taiwan University. Major: Ph.D. in accounting from New York University; Lecturer at a public college with relevant subjects required for the company's business: Professional experience in business, finance, accounting and the company's business. Experience: Vice President of Finance/Dean of the School of Management/Dean of the Accounting Department of National Taiwan University, Acting Dean of the School of Management of Tunghai University, Chairman of the Chinese Accounting Education Association Independent Director Li has accounting expertise and many years of experience as an independent director in other industries. He can share the company's diversified industry operating experience and provide management decision-making opinions on industry integration analysis, risk management, etc., so he can draw on his expertise when performing the duties of an independent director. Its expertise improves the quality of remuneration committee operations. 	<ol style="list-style-type: none"> The company has obtained a declaration of election and appointment as independent director Li Shuxing and complied with various provisions of the Securities and Exchange Act. Meet the following independence qualifications: <ol style="list-style-type: none"> I and my spouse's relatives within the second degree are not directors, supervisors or employees of the company or its affiliated companies. Neither I nor my spouse's second-degree relatives hold shares in the company. There are no circumstances stipulated in Article 6, Paragraph 1, Items 5-8 of the Regulations on the Establishment and Exercise of Rights of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises. There is no one of the circumstances specified in Article 30 of the Company Law. Not hereOur company or related companiesatBusiness, legal, financial, accounting and other servicesupportreward. 	3
independent director	Wu Genzai	<ol style="list-style-type: none"> Period of office: 110/7/30-113/7/29. Current position: Director of Zhanyu United Accounting Firm. Major: National Taiwan Accounting Department (passed the Advanced Accountant Examination in 1980); has work experience required in accounting, finance and the company's business. Experience: Auditor/auditing team leader of Qinye Zhongxin United Accounting Firm, chief financial officer of manufacturing industry, director of management department, partner accountant of Integrity United Accounting Firm, small and medium-sized enterprise division of the Ministry of Economic Affairs, and special lecturer of Enterprise Management Consulting Company. 	<ol style="list-style-type: none"> The company has obtained Wu Gen's declaration of appointment as independent director and complied with various provisions of the Securities and Exchange Law. Meet the following independence qualifications: <ol style="list-style-type: none"> I and my spouse's relatives within the second degree are not directors, supervisors or employees of the company or its affiliated companies. Neither I nor my spouse's second-degree relatives hold shares in the company. There are no circumstances stipulated in Article 6, Paragraph 1, Items 5-8 of the Regulations on the Establishment and Exercise of 	0

separation (Note 1)	condition Name	Professional qualifications and experience (Note 2)	Suitable for independence (Note 3)	Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies
		5. Mr. Wu has rich experience in accounting practice. Through his professional experience, he can provide intensive guidance in various aspects of data review and provide appropriate suggestions and directions. Therefore, when performing the duties of independent directors, the operational quality of the remuneration committee must be improved.	<p>Rights of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises.</p> <p>(4) There is no one of the circumstances specified in Article 30 of the Company Law.</p> <p>3. Not hereOur company or related companiesatBusiness, legal, financial, accounting and other servicesupportreward.</p>	
independent director	Chen Houming	<p>1. Period of office: 110/7/30-113/7/29.</p> <p>2. Current position: Professor at the Department and Research Institute of International Business, National Taiwan University.</p> <p>3. Major: Ph.D. in Marketing Group, Graduate School of Business, National Taiwan University; Lecturer at a public college with relevant subjects required for the company's business; Possessing professional experience in business and the company's business.</p> <p>4. Experience: Dean of the Institute of Business Development, National Chung Hsing University School of Social Sciences and Management.</p> <p>5. Independent Director Chen has management expertise and experience as an independent director in other industries. He can provide diverse suggestions on operation and management in a timely manner and give clear guidance on practical operations. Therefore, when performing the duties of an independent director, he can improve the operational quality of the remuneration committee.</p>	<p>1. The company has obtained a declaration of election and appointment as independent director Chen Houming and complied with various provisions of the Securities and Exchange Act.</p> <p>2. Meet the following independence qualifications:</p> <p>(1) I and my spouse's relatives within the second degree are not directors, supervisors or employees of the company or its affiliated companies.</p> <p>(2) Neither I nor my spouse's second-degree relatives hold shares in the company.</p> <p>(3) The circumstances stipulated in Article 6, Paragraph 1, Items 5-8 of the Regulations on the Establishment and Exercise of Rights of the Remuneration Committee of a company that does not have its shares listed or traded on a securities firm's business premises.</p> <p>(4) None of the circumstances specified in Article 30 of the Company Law.</p> <p>3. Not in thisCompanies or affiliated enterprises provide services in business, legal, financial, accounting and other fieldssupportreward.</p>	3

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of each salary and remuneration committee member. If you are an independent director, you can make a note and refer to Appendix 1 Director and Supervisor Information (1) on page 16. content. Please indicate whether you are an independent director or other (if you are a convener, please add a note)

Note 2: Professional Qualifications and Experience: Describe the professional qualifications and experience of individual Salary and Compensation Committee members.

Note 3: Circumstances in which members of the Salary and Remuneration Committee meet independence: State the circumstances in which members of the Salary and Remuneration Committee meet independence, including but not limited to whether the individual, spouse, and relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies; I, The number and proportion of the company's shares held by spouses and relatives within the second degree (or in the name of others); whether they serve as a company with a special relationship with the company (refer to Directors, supervisors or employees who are directors,

supervisors or employees of a company whose stocks are listed or traded on the business premises of a securities firm (Article 6, Paragraph 1, Items 5-8) of the Regulations on the Establishment and Exercise of Rights of the Remuneration Committee of a company; provide the company or its employees with information in the last 2 years The amount of remuneration received from business, legal, financial, accounting and other services provided by the relevant enterprise.

Note 4: For disclosure methods, please refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

2. The Company's Remuneration Committee faithfully performs the following duties with the care of a good manager, and submits its recommendations to the Board of Directors for discussion:

- (1) Formulate and regularly review the company's policies, systems, standards and structures for the performance evaluation methods and salary remuneration of directors and managers.
- (2) Regularly evaluate and set the remuneration of directors and managers.

3. Information on the operation of the Salary and Remuneration Committee

- (1) Our company's salary and remuneration committee will become staff plan three people.
- (2) The fifth term of office: July 30, 2021 to July 29, 2024.
- (3) The number of meetings in the most recent year is 3, the date range is (2023/3/24-2024/3/15) and the attendance is as follows:

Professional title	Name	Actual attendance (B)	Attend by proxy times	Actual attendance rate (%) (B/A)(Note)	Remarks
Chairman	Li Shuxing	3	0	100%	
member	Chen Houming	3	0	100%	
member	Wu Genzai	3	0	100%	

Other matters that should be recorded:

— 、 The operation of the remuneration committee is as follows:

meeting date	Farewell	Motion content	Resolution result	The board of directors handles the opinions of the remuneration committee
112.03.24	The fourth of the fifth session	1. 2022 directors and supervisors' remuneration and employee remuneration Proposal on the proportion and amount of the presentation was submitted Discuss.	The resolution was passed without objection by the members present and submitted to the board of directors for discussion.	The resolution was passed after consultation by the chairman and all directors present.
		2. Review the company's salary and remuneration policy for directors and managers, systems, standards and Structure case, brought to discussion.	1. It is recommended to revise the CEO salary range to be in line with the current situation and industry salary levels. 2. It is recommended that the position bonus and leadership bonus in	Chairman Yang Hongren, Director Liu Qingwen and company managers present in this case should avoid participating in discussions and voting in accordance with the board of directors' agenda regulations. Director Xu Shengxin,

				<p>the manager's salary structure be merged.</p> <p>3. Except for the above two suggestions, the recommendations will be approved by the chairman after solicitation from the members present and submitted to the board of directors for discussion.</p>	<p>acting chairman, solicited the remaining directors present and the resolution was passed.</p>	
112.12.22	The fifth session of the fifth session	1. The company's year-end bonus payment plan is proposed for discussion.	<p>This case was submitted to the Board of Directors for discussion by the Chairman after consulting the members present and agreed to the following resolution.</p> <p>1. The basic year-end withdrawal principle can be adjusted to 1.5 months of basic salary.</p>	<p>After the chairman consulted all the directors present, the resolution was revised and passed accordingly.</p>		
			<p>2. The year-end bonus in 112 years can be considered to be paid in the form of 1.5 months' full salary.</p>			
		2. The company's managers' year-end bonus payment principles are proposed for discussion.	<p>After the chairman consulted the members present, the company's year-end bonus plan was adjusted, and the estimated year-end bonuses distributed by the managers were linked. The matter was submitted to the board of directors for discussion.</p>	<p>This case was approved by Director Xu Shengxin, Acting Chairman, and other directors present were solicited for resolution.</p>		
113.03.15	The sixth session of the fifth session	1. 112-year remuneration of directors and supervisors, employee remuneration Proposal on the proportion and amount of the presentation was submitted Discuss.	<p>Upon consultation with the ChairmanThe resolution was passed without objection by the members present. , and submit it to the board of directors for discussion.</p>	<p>The resolution was passed after consultation by the chairman and all directors present.</p>		
		2. Please discuss the remuneration case of the company's independent directors.	<p>1. The content of point 2 of the proposed revision: It is planned to refer to the industry practice and provide independent directors with a</p>	<p>After consultation by the chairman and other directors present, the resolution was passed accordingly.</p>		

				monthly transportation fee of 25,000 yuan. 2. This case adopts the individual withdrawal of independent directors and individual resolutions. After the chairman consults with the attending members to explain the content of point 2 in accordance with the amendment, the resolution is passed and submitted to the board of directors for discussion.		
<p>二、If the board of directors does not adopt or amend the recommendations of the salary and remuneration committee, it should state the date, period, content of the proposal, the results of the board of directors' resolution, and the company's handling of the salary and remuneration committee's disagreement (for example, the salary and remuneration approved by the board of directors is better than the salary and remuneration committee's decision). It is recommended that the differences and reasons should be stated: None.</p> <p>三、If a member has objections or reservations about matters decided by the Salary and Remuneration Committee and there is a record or written statement, the date, period, content of the proposal, all member opinions and the handling of the member's opinions should be stated: None.</p>						

Note 1: If a member of the Salary and Remuneration Committee resigns before the end of the year, the date of resignation should be noted in the remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the Salary and Remuneration Committee and the number of actual attendances during their tenure.

Note 2: If there is a re-election of the Salary and Remuneration Committee before the end of the year, the new and old members of the Salary and Remuneration Committee should be filled in, and the membership of the old, new or re-elected member and the date of re-election should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Remuneration Committee during the period of employment and the number of actual attendances.

(5) The implementation of promoting sustainable development and the differences and reasons from the code of practice for sustainable development of listed companies:

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
1. Has the company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, with the board of directors authorizing senior management to handle the matter, and what is the situation of board supervision?	✓		<p>1. In order to practice corporate social responsibility and promote economic, social and environmental progress, the company achieves the goal of sustainable development.loveWith reference to the "Code of Practice for Sustainable Development of Listed Overseas Companies", the Company'sThe Code of Practice for Sustainable Development was revised at the 6th meeting of the 7th Board of Directors on March 25, 2022.</p> <p>2. Board of Directors of the CompanygoodFulfill the duty of care of a good manager and supervisecompanyPractice sustainable developmentReview the progress of the strategy from time to time, and actively urge the management team to review and adjust when necessary,byassistEnsure the concrete implementation of sustainable development policiesIn the daily operations of the company.</p> <p>3. Our companyThe dedicated unit for sustainable development is the "Information Planning Office" assigned by the chairman in 108 to assist in the integration and implementation of various internal functional organizations, and also reports to the board of directors regularly.implementsituation.</p> <p>4. Our company 2023 The implementation results of sustainable development and the 2024 promotion plan were announced at the 10th session of the 7th session on November 10, 2023.sixReport to the sub-board of directors;directorCanexcept view of that yearRelated executioneffectivenesscontent, and provide suggestions and guidance on budget preparation and project planning for various aspects of ESG in the 2024 promotion plan.The relevant report content has been disclosed on the company's website\ESG</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			<p>sustainable development\In Goals and Performance.</p> <p>5. Our company""Code of Practice for Sustainable Development" is disclosed in the company's annual report, website and public information observatory. Investors can go to the company's website\Corporate Governance\Download the Corporate Governance Regulations.</p>	
2,Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality? (Note 2)	✓		<p>1. Our company's businesscharacteristicforMedical logistics related services, Although There is no manufacturing involved, but The company still pays attention to global risk trends to reduce operational impacts, and examines and integrates the value of horizontal resources, actively integrates with international standards, and takes into account multiple channels of quality and quantity to improve the management efficiency of corporate social responsibility and comply with stakeholders' requirements for corporate governance, Environmental protection and social care expectations.</p> <p>2. In order to establish a complete risk management system and steadily operate the business towards the goal of sustainable corporate development, the company has formulated the company's risk management practice code with reference to the "Risk Management Practice Code for Listed Over-the-Counter Companies" formulated by the competent authority to strengthen the risk management system. . On December 23, 2022, the twelfth session of the seventh session of the Board of Directors passed the formulation of the "Risk Management Code of Practice" and resolved that the Audit Committee should replace the functions of the Risk Management Committee and report on the company's risk management policies, procedures and scope (the aboveThe complete content has been disclosed on the company's website\Corporate Governance\Functional Committees).</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			<p>3. The company's board of directors is the highest governance unit for risk management. It also considers that supervising audit operations is one of the responsibilities of the audit committee. The auditors have identified various possible risks when performing audit operations, and have recorded the risk analysis, assessment and response suggestions in the audit report. Report and regularly report the audit execution status to the members of the audit committee. The function of risk management already exists, so there is no need to set up a separate risk management committee. The audit committee will replace the functions of the risk management committee, and a working group will be set up under the audit committee for risk management. Promoting and executing units.</p> <p>4. Our companyAt the same time alsoBased on the materiality principle of sustainable development, conduct relevant risk assessments on important issues and formulate relevant risk management policies based on the assessed risks.;The complete content has been disclosed on the company's website\ESG Sustainable Development\Policy Promotion\Sustainable Development Policy.</p>	
<p>3. Environmental issues</p> <p>(1)Has the company established an appropriate environmental management system based on its industrial characteristics?</p>	✓		<p>The company's main business isPharmaceutical supply services, Specialist services (with medical instrument Equipment rental Mainly) and health management serviceswait, there is no manufacturing plant, and the waste generated by the business is generally Business waste, no air pollution,Wastewater or waste requiring special treatment. The company appoints specialized cleaning staff to maintain the office environment. The company's general affairs office oversees environmental maintenance.</p>	<p>conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations</p>

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
(2) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		In order to implement the environmental awareness of a green earth, our company hopes to create a paperless office through appropriate IT planning, and is committed to assisting customers or suppliers electronically to save time and manpower in checking orders, shipping orders, etc., and Save the need for a large number of printed documents and physical invoices, and require employees to increase the recycling rate of paper and various items, and encourage employees to use personal environmentally friendly tableware to reduce the use of various disposable tableware, and actively implement garbage classification and reduction. We hope that the good Fulfill the responsibility of being a member of the earth and protect the earth's resources.	conform to Code of Practice for Sustainable Development of Listed Over-the-Counter Companies regulations
(3) Has the company assessed the potential risks and opportunities that climate change poses to the company now and in the future, and has taken relevant response measures?		✓	1. The company is in the biotechnology-related industry. In order to respond to the impact of climate change on corporate operations and to disclose specific information on climate change, in addition to regular reports to the board of directors and the audit committee and its subordinate risk management working group, the board of directors and senior management In addition to understanding the impact of climate change on the company, since 2018, various departments of the company have also begun to conduct business inventory and risk identification for climate change, including direct or indirect impacts due to extreme weather, transformation impacts due to regulations, technology or market demand, and Other humanistic and social aspects analyze the risks and opportunities caused by the company's operating activities. Based on the analysis results, a risk management strategy plan is constructed as the core of actions to address climate change, and management costs and financial impacts are estimated accordingly. Through the above-mentioned collected data, we can strengthen the company's climate change management and systematically evaluate financial relationships to reduce risks and seize business opportunities.	Comply with the Code of Practice for Sustainable Development of Listed Over-the-Counter Companies

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			<p>2. In terms of climate change impact assessment, since the company is not in the manufacturing industry, the risk of climate change impacts is relatively low. However, as a member of the global living circle, there are still relevant practical actions and measures to respond to and cope with climate change.:</p> <ul style="list-style-type: none"> • The relevant investment and construction of houses and buildings comply with the specifications of the green building label. • When the energy source policy for possible business development of the company's operations rewards the replacement of equipment, it should cooperate with the government subsidy policy and apply for relevant energy-saving subsidies. • When renovating office areas, the decoration should comply with green building regulations and office equipment that meets energy-saving labels should be purchased. 	
(4) Has the company collected statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		<p>1. The company's current business is focused on pharmaceutical supply services and specialist services.(Mainly medical equipment rental)and health management services. Its operations are minimally affected by climate change and the greenhouse effect. However, as a corporate citizen, the company has formulated "Corporate Environment, Energy Saving and Carbon Reduction Management Measures" and clearly defined environmental protection policies.,In addition to actively implementing relevant energy-saving and carbon-reducing measures, we are also actively committed to reducing greenhouse gas emissions, water consumption, and waste, etc. The specific implementation results of the past two years are as follows.:</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons												
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			<table><thead><tr><th></th><th>2022</th><th>2023</th></tr></thead><tbody><tr><td>CO2 emissions (metric tons)</td><td>105.6</td><td>89.4</td></tr><tr><td>Water consumption (metric tons)</td><td>627</td><td>672</td></tr><tr><td>Total weight of waste (Metric tons)</td><td>1.97</td><td>2.29</td></tr></tbody></table> <p>Remarks:</p> <p>1.Information on greenhouse gas emissions, water consumption and total waste weight covers the parent company.</p> <p>2. The parent company is in the healthcare services industry, and its current greenhouse gas emissions fall within disclosure scope 2 (electricity input from Taipower).</p> <p>3. In addition, the total weight of waste does not need to be distinguished according to regulations because the parent company is not a manufacturing company.</p> <p>The above-mentioned relevant data is also disclosed on the company's website, hoping to fulfill its corporate social responsibility towards the goal of mitigating global warming.</p> <p>2023 The total annual CO2 emissions are 89.4 metric tons compared with 2022 The year-on-year decrease of 16.2 metric tons from 105.6 metric tons is mainly estimated to be caused by the decrease in electricity charges.In addition, the reason for the increase in water tonnage is that after the epidemic, colleagues generally increased their awareness of epidemic prevention, implemented hand-washing operations, and strengthened cleaning and disinfection of office areas. The main reason for the increase in waste is estimated to be that after the epidemic, colleagues generally switched to eating in</p>		2022	2023	CO2 emissions (metric tons)	105.6	89.4	Water consumption (metric tons)	627	672	Total weight of waste (Metric tons)	1.97	2.29	
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Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
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			<p>the office and canceled working from home.</p> <p>Since the company has started the warm-up operation on December 29, 2023, we will use 2024 as the base year to inventory the greenhouse gas inventory. The inventory range is from scope one to scope three. Compared with 2023 and previous years, the inventory will be more accurate. Temperature disk data, and will continue to work on energy conservation measures based on the inventory results to reduce carbon dioxide emissions, water consumption and the total weight of waste.</p> <p>2. Various reduction policies and specific practices are as follows::</p> <p>(1) Energy saving and carbon reduction</p> <ul style="list-style-type: none"> • Continuously seek and replace more energy-saving office facilities (equipment). • Implement energy-saving plans from the three major aspects of air conditioning systems, electric lighting and other electricity consumption, and regularly inspect energy-consuming equipment and make necessary replacements. • Organize energy saving and carbon reduction education, training courses and publicity. • From time to time, we go to the unit to inspect personal actions of energy conservation and carbon reduction. <p>(2)Water management</p> <ul style="list-style-type: none"> • The company is required to implement water conservation plans internally. • Regularly check the normal operation of the water supply system to avoid water consumption beyond normal use. • Organize water management education training courses and publicity. 	

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			<p>(3) Waste reduction</p> <ul style="list-style-type: none"> • Carry out stricter waste resource recycling classification operations. • Accelerate your entire paperless process. • Organize waste reduction education, training courses and publicity. • From time to time, we go to each unit to audit the implementation status of waste classification (including food waste), and report the unit implementation status to the company meeting. <p>3. In addition, according to the "Sustainable Development Roadmap for Listed Overseas Companies" issued by the Financial Supervisory Commission in March 2022, the company is a company with a paid-in capital of less than 5 billion yuan, and the individual company (i.e. the parent company) should be in the third stage. Greenhouse gas inventory is applicable (that is, the inventory is completed in 2026 years and the verification is completed in 2028 years), and only the greenhouse gas emissions of Scope 1 and Scope 2 are required to be disclosed in accordance with the regulations.;There is no need to proceed in 2011aboveVerification of relevant information. In the future, the company will continue to control greenhouse gas inventory and verification disclosure in accordance with the reference guidelines and relevant regulations issued by the competent authorities.Expose the completion status of the schedule.</p> <p>The company's current reduction target is to reduce greenhouse gas emissions, water consumption and waste production by another 5% by the end of 2025 (compared to 2020). And based on the 2024 warm-up results, more accurate data will be obtained and adjustments will be made accordingly. Although the company only needs to disclose greenhouse gas emissions</p>	

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons												
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			in Scope 1 and Scope 2 according to regulations, the company belongs to the healthcare service industry, and the greenhouse gas emissions of many business operations fall into Scope 3. Therefore, the initial target is to target disclosure of Scope 1 to 3. .													
4. Social issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		<div>1.The company supports and follows internationally recognized human rights norms and principles. Including the United Nations Declaration of Human Rights, international labor conventions and Taiwan Labor Standards Law to formulate human rights policies; and strive to promote diversity and equality in the workplace, such as:The company adheres to the principle of gender equality in terms of salary payment conditions and selection of various positions. Salaries are calculated based on profession, expertise, experience and responsible job areas. The company adheres to the principle of fairness in promotions and job transfers without gender discrimination. treatment.</div> <div>(1) Ratio of female employees:</div> <table><tr><td>Female employee number indicator</td><td>percentage(%)</td></tr><tr><td>Women account for total employees (%)</td><td>75.2%</td></tr><tr><td>Female supervisors as a percentage of all supervisors (%)</td><td>60.7%</td></tr><tr><td>Female managers account for all managers (%)</td><td>40%</td></tr></table> <div>(2) Salary ratio of female employees to male employees:</div> <table><tr><td>salary index</td><td>Proportion of male salary</td></tr><tr><td>Average salary of female employees</td><td>94.4%</td></tr></table>	Female employee number indicator	percentage(%)	Women account for total employees (%)	75.2%	Female supervisors as a percentage of all supervisors (%)	60.7%	Female managers account for all managers (%)	40%	salary index	Proportion of male salary	Average salary of female employees	94.4%	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations
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			<table><tr><td colspan="4">Median salary of female employees</td><td colspan="2">98.9%</td></tr></table> <p>(3)according toStatistical table of gender and age structure by job position:</p> <table><tr><td>Position type</td><td colspan="2">manager</td><td colspan="2">Supervisor</td><td colspan="2">non-supervisory position</td><td>total</td></tr><tr><td>gender number</td><td>male</td><td>female</td><td>male</td><td>female</td><td>male</td><td>female</td><td></td></tr><tr><td>Under 30 years old</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1.4%</td><td>9.9%</td><td>11.3%</td></tr><tr><td>30-50 years old</td><td>0</td><td>1.4%</td><td>2.8%</td><td>12.1%</td><td>6.4%</td><td>34.0%</td><td>56.7%</td></tr><tr><td>over 50 years old</td><td>4.3%</td><td>1.4%</td><td>8.5%</td><td>9.2%</td><td>1.4%</td><td>7.1%</td><td>31.9%</td></tr></table> <p>Source: 2023/December employee statistics</p> <p>2.In terms of policies, the company has formulated internal regulations in terms of "work rules", "sexual harassment prevention", "recruitment and appointment management", etc. to eliminate gender discrimination; conditions such as employment age, working hours, leave and attendance, etc. clearly regulate employee rights. Ensure that colleagues are properly taken care of, and conduct assessments through human rights concerns and set proactive practices to safeguard employee rights.</p> <p>3. Implementation policy:</p> <p>(1) Create a safe and healthy working environment</p> <p>(2) Maintain a balance between employees' work and health</p> <p>(3) Eliminate illegal discrimination</p>					Median salary of female employees				98.9%		Position type	manager		Supervisor		non-supervisory position		total	gender number	male	female	male	female	male	female		Under 30 years old	0	0	0	0	1.4%	9.9%	11.3%	30-50 years old	0	1.4%	2.8%	12.1%	6.4%	34.0%	56.7%	over 50 years old	4.3%	1.4%	8.5%	9.2%	1.4%	7.1%	31.9%	
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			<div>(4) Comply with labor laws and regulations</div> <div>4. Specific measures and results are reviewed as follows:</div> <table><tr><th>Implementation policy</th><th>Specific implementation measures</th></tr><tr><td>Create a safe and healthy working environment</td><td>Drinking water testing in office premises Work environment disinfection operations Workplace operating environment monitoring (such as CO2, lighting) Fire awareness course Provide masks for colleagues to use during COVID-19</td></tr><tr><td>Maintain a balance between work and health for employees</td><td>Going above and beyond the law, all employees, regardless of age, undergo routine physical examinations Used for on-site nursing planning and timely physical adjustment Increase self-paid physical examination items and strive for preferential prices Remind unit managers of special leave arrangements for employees</td></tr><tr><td>Eliminate illegal discrimination</td><td>Formulate sexual harassment prevention regulations and count the number of complaint cases Carry out human rights education and training to promote human rights awareness.</td></tr><tr><td>Comply with labor laws</td><td>It is prohibited to employ children under 16 years old Develop an annual compliance calendar and submit it to the labor-management meeting for review</td></tr></table>	Implementation policy	Specific implementation measures	Create a safe and healthy working environment	Drinking water testing in office premises Work environment disinfection operations Workplace operating environment monitoring (such as CO2, lighting) Fire awareness course Provide masks for colleagues to use during COVID-19	Maintain a balance between work and health for employees	Going above and beyond the law, all employees, regardless of age, undergo routine physical examinations Used for on-site nursing planning and timely physical adjustment Increase self-paid physical examination items and strive for preferential prices Remind unit managers of special leave arrangements for employees	Eliminate illegal discrimination	Formulate sexual harassment prevention regulations and count the number of complaint cases Carry out human rights education and training to promote human rights awareness.	Comply with labor laws	It is prohibited to employ children under 16 years old Develop an annual compliance calendar and submit it to the labor-management meeting for review	
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			<table><tr><td></td><td>It is an implementation principle that employees should take the initiative to apply for overtime work.</td></tr><tr><td></td><td>Elect labor and capital committee members in accordance with the law and conduct meetings.</td></tr><tr><td></td><td>In compliance with laws and employee needs, assist in handling child care leave.</td></tr></table> <p>Please refer to our company's official website for execution results.</p>		It is an implementation principle that employees should take the initiative to apply for overtime work.		Elect labor and capital committee members in accordance with the law and conduct meetings.		In compliance with laws and employee needs, assist in handling child care leave.	
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(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	✓		<p>1. System regulations:</p> <p>The company has formulated work rules and relevant personnel management regulations, covering the basic wages, working hours, vacations, pension benefits, labor health insurance benefits, occupational accident compensation, etc. of the workers hired by the company, which are in compliance with the relevant provisions of the Labor Standards Act.</p> <p>2. Employee compensation:</p> <p>Salary:The company has a salary classification method for employees. The principle of salary classification is based on the employee's job category.and manager levelAnd consider market job salary levels, including monthly salaries.andBusiness performance bonuses.</p> <p>Bonus:There are employee appraisal methods in place and performance appraisals are conducted twice a year.This also applies to managersperformance appraisal system,The evaluation factors include the unique value of the individual's overall performance to the organization, the ability to work with others and teamwork, the risk of harming customers or the team, and whether there is job potential for promotion.And</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations						

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			<p>respond to employee remuneration based on performance results, such as year-end bonuses. .</p> <p>3. Welfare measures: Establish an employee welfare committee and operate through a welfare committee elected by employees;The company allocates 0.08% of its revenue every month as employee welfare funds.Handle various welfare matters, including but not limited to wedding and funeral allowances, birthday gifts, scholarships, travel allowances, etc.; annual employee health examinations are provided in excess of laws and regulations, and annual flu vaccinations are provided for employees.</p> <p>4. Reflection of business performance: Performance bonus: The company conducts budget reviews and sets performance goals every year, and issues performance bonuses based on the achievement of performance goals. Employee compensation:In addition, the amount of remuneration paid due to the company's profits is submitted to the remuneration committee for review and approval by the board of directors, and is determined based on the employee's performance and job contribution; the company is committed to providing employees with a salary and level above the industry average.</p>	

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
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(3) Does the company provide a safe and healthy working environment for employees and provide regular safety and health education to employees?	✓		<p>1. The company complies with the relevant regulations of the Occupational Safety and Health Law and has made it clear that all offices are smoke-free. It also requires that safety inspections of office equipment and facilities be carried out every year in accordance with relevant government fire safety regulations, and comprehensive operations have been carried out since 2019. Environmental monitoring, etc., to provide employees with a safe and secure working environment. 112The annual implementation projects are: 2 times of operating environment monitoring, 4 times of drinking water equipment related testing, and 4 times of workplace environmental disinfection.</p> <p>2. Our company will cooperate with the requirements of the office management unit and regularly participate in practical drills on fire escape and use of fire extinguishing equipment.</p> <p>3. The company conducts regular employee health examinations every year and implements safety and health education for employees. At the same time Provide on-site labor health services (The implementation status in 2023 is: 24 times/year for nurses and 2 times/year for doctors), etc.</p> <p>4. Implement measures on the company's website and annual report 178-179 pages All are described.</p> <p>5. There were a total of 2 employee occupational accidents (accidents on the way to and from get off work) in 2023, with 2 persons (accounting for 2023 1.3% of the total number of employees at the end of the year).</p>	conform to Code of Practice for Sustainable Development of Listed Over-the-Counter Companies regulations
(4) Has the company established an effective professional ability development training program for employees?	✓		<p>1. In order to implement lifelong learning and improve work skills and quality, our company has established "Employee Continuing Education and Training Methods". Provide further education subsidies, Encourage employees to further their studies on the job. There are also scholarships to provide substantial rewards to employees and their children who have excellent academic</p>	conform to Code of Practice for Sustainable Development of Listed Over-the-Counter Companies regulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
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			<p>performance.</p> <p>2. The company reviews and evaluates the skills, expertise and management capabilities of employees through the supervisors of each unit. When a higher-level supervisor becomes vacant, employees with outstanding performance will be promoted first. There is also a job transfer mechanism to give outstanding employees the opportunity to develop second expertise.</p>	
(5) Regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant laws and international standards, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	✓		<p>1. The company's main operating activities are the sales of drugs and medical consumables, the leasing of medical equipment, and the provision of hospital health examination and laboratory operation and management services. Among them, drugs, medical consumables and medical equipment are closely related to the life safety of the public. In the process of research and development, manufacturing, import, sales, transportation, storage and use, international and domestic regulations impose higher standards than ordinary products. Verification standards;The company's pharmaceutical sales also comply with the domestic Good Distribution Practices for Western Medicines (GDP).</p> <p>2. When selecting products for business purposes, our company complies with international and Chinese laws and regulations. Our companyWe have good communication channels and dedicated personnel who are responsible for listening to the needs of various stakeholders, and interpreting, replying and tracking the feedback information collected through different communication channels according to the status of the issue.;For detailed communication channels, please refer to our company's official website.</p> <p>3. The laboratories operated and managed by our company have been approved for ISO 9001 2015 revision verification. The scope of accreditation obtained includes: clinical testing</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
	yes	no	Summary description	
			services, teaching training and academic research.	
(6) Has the company formulated a supplier management policy that requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation status?	✓		<p>1.In order to implement the company's commitment to fair, honest, trustworthy and transparent business activities, the "Supplier Management Policy" is formulated in accordance with the company's integrity management operating procedures and conduct guidelines., requiring cooperation with suppliers to follow relevant norms on issues such as quality, environmental protection, safety and hygiene, and work together to improveRelevant norms for improving the sustainable development of enterprises; and completed content enhancement in July 2020.</p> <p>The company also formulated a new "Supplier Integrity Management Commitment Letter" in November 2010, and also added new suppliers (not limited to organizations or individuals) for assessment, and required all suppliers to sign the aforementioned Integrity Management Commitment Letter in stages to ensure that We promise to operate with integrity and ethics, fulfill our corporate social responsibilities, promote sustainable development of the environment, and safeguard basic human rights.</p> <p>2.Before dealing with suppliers and customers, our company operates in accordance with the established "Supplier Management and Inquiry and Negotiation Operation Methods" and "Credit Management Methods" to investigate and confirm the integrity of suppliers and customers, such as: To obtain a drug or medical device license, whether to obtain a drug dealer license, whether there is any tax arrears, etc., it must be confirmed that its products have obtained national standard</p>	conform toCode of Practice for Sustainable Development of Listed Over-the-Counter Companiesregulations

Promote projects	Execution status (Note 1)			Sustainable development with listed companies Differences in codes of practice and reasons
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			certification and that the company's operations comply with honest operations before trading. 3. The contract signed between the company and the supplier stipulates that "both parties shall abide by○○Industry-related laws and ethics, and act in accordance with the principle of good faith", or "If the contract partner engages in any dishonest behavior or its products have a significant impact on the environment and society, resulting in a breach of contract or damage, we may terminate the contract at any time, and require compensation in accordance with the contract or damage situation" to ensure the company's rights and interests.	
5. Does the company refer to internationally accepted reporting standards or guidelines to prepare sustainability reports and other reports that disclose the company's non-financial information? Has the above report obtained the confidence or assurance opinion of a third-party verification unit?		✓	The company has not compiled yetA sustainability report is planned to be compiled starting in 2024.	The company plans to start preparing a sustainability report in 2024
6,If a company has its own sustainable development code based on the "Code of Practice for Sustainable Development of Listed Companies", please describe the differences between its operations and the stipulated code: Our company already Refer to "Listed OTC Companies Code of Practice for Sustainable Development "Formulate our company's Code of Practice for Sustainable Development, Actively move in the direction stipulated in the Code and implement it There is no difference in content.				
7,Other important information to help understand the implementation of sustainable development: The company firmly believes in the impact of corporate social responsibility on the country. In addition to working hard to operate the industry, provide a stable and high-quality employment environment for employees, and seek maximum benefits for the company's shareholders and relevant stakeholders, it is also actively committed to practicing while engaged in business operations. The sustainable development of enterprises is in line with the international trend of balancing environmental, social and corporate governance development.				

Note 1: If you check "Yes" for the implementation status, please specify the important policies, strategies, measures and implementation status adopted; if you check "No" for the implementation status, please go to "Sustainable Development Practices with Listed OTC Companies" The "Code Differences and Reasons" column explains the differences and reasons, and explains plans for adopting relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have a significant impact on company investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Taiwan Stock Exchange Corporate Governance Center.

(6)Climate-related information implementation status

- 一、 According to the "Sustainable Development Roadmap for Listed Overseas Companies" issued by the Financial Supervisory Commission in March 2022, the company is a company with a paid-in capital of less than 5 billion yuan. The individual company (i.e. the parent company) should apply for greenhouse gas emissions in the third stage. The inventory (that is, the inventory will be completed in 2026 years and the verification will be completed in 2028 years) will continue to control the completion of the greenhouse gas inventory and verification disclosure schedule in accordance with the reference guidelines and relevant regulations issued by the competent authority.
- 二、 The board of directors and management's oversight and governance of climate-related risks and opportunities are implemented as follows::
1. According to the regulations of the Financial Supervisory Committee, The greenhouse gas inventory and verification schedule of the parent company and the group (including subsidiaries) must be completed before the end of the second quarter of 2022 and the first quarter of 2023 respectively, and submitted to the board of directors for approval.
 2. The above-mentioned implementation progress will be reported to the board of directors on a quarterly basis in accordance with regulations. In 2022, the implementation progress was reported to the board of directors on a quarterly basis, on May 13, 2022, August 12, 2022, and November 11, 2022 respectively. The execution dates reported to the board of directors in 2023 are March 24, 2023, May 12, 2023, August 11, 2023 and November 10, 2023. Continuously control greenhouse gas inventory and verify the completion of disclosure schedule. The company's professional service department serves as a part-time unit for greenhouse gas inventory and verification.
 3. Consolidated financial statements of subsidiaries The greenhouse gas inventory and verification schedule is planned in the table below, and will be reported to the board of directors in the first quarter of 2023 in accordance with regulations. The execution dates reported to the board of directors in 2023 are March 24, 2023, May 12, 2023, August 11, 2023 and November 10, 2023.
 4. The company's directors and supervisors participated in relevant courses for a total of 36 hours in 2023. The course contents include 「Net zero emissions, carbon neutrality and corporate compliance», "Measuring sustainable value, the key to ESG success: corporate sustainability evaluation analysis", etc. For related information, please refer to the content of the Public Information Observatory, the path URL: <https://mops.twse.com.tw/mops/web/t100sb07>
 5. The chairman and general manager participated in the company's greenhouse gas inventory kick-off meeting and education training course held on December 29, 2023.
 6. Cooperate with our company ESG is expected to start in June 2024 Build "ESG"Corporate Sustainability Report" operation will also start relevant climate risk assessment and development opportunities.
- 三、 Greenhouse gas emission information, greenhouse gas inventory and assurance status:
1. Currently, the company's greenhouse gas, water use, waste weight and other information are collected every year and disclosed on the official website. However, the company's aforementioned information for 2023 has not yet been verified by a third party.
 2. The company's greenhouse gas emissions for 2023 are explained in the following table::

degree of greenhouse gas emissions	total emissions (metric tonsCO ₂ e)	density (metric tonsCO ₂ e/million yuan)	Believe in the organization	Believe the situation description	Data coverage
instruction	89.4	89.4/2314.072=0.0386	To be convinced	It is expected that external verification will be carried out in 2025, and the verification	The greenhouse gas emission data for 2023 are mainly Category 1 and

				unit has been arranged forAFNOR (Aifano International Co., Ltd.).	Category 2.
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On December 29, 2023, Shenghong Company, together with Huayu Consulting Company and Dingxin Computer Company, held a kick-off meeting for the company's greenhouse gas inventory and verification work. With 2024 as the base year for the inventory, the scope of the inventory is scope one to three. Present the company's carbon emission data more accurately. And it is expected to carry out verification (third-party agency) operations in 2025, and the verification unit has been pre-arranged for AFNOR (Aifano International Co., Ltd.), warm-up and verification operations are continuing according to the established schedule., and make greenhouse gas inventory work an annual routine. The consolidated reporting subsidiary will be launched in the next stage of planning.

(7) Implementation of honest business operations and differences and reasons from the code of honest business operations of listed companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
<p>1. Formulate integrity management policies and plans</p> <p>(1) Has the company formulated an honest management policy approved by the board of directors, and clearly stated the policies and practices for honest management in its regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operating policy?</p>	✓		<p>1. "Integrity" is the company's primary core value. In order to enable all members of the company and its subsidiaries to implement their commitment to honest operations at work, the company's "Integrity Operations Procedures and Integrity Operations Procedures" are formulated with reference to the "Integrity Operations Code for Listed Over-the-Counter Companies". "Guidelines of Conduct" were passed by the resolution of the 19th meeting of the fourth session of the Board of Directors on March 18, 2014, and were revised at the twelfth meeting of the sixth session of the Board of Directors on March 20, 2020.</p> <p>2. The company's "Integrity Business Operation Procedures and Conduct Guidelines" are disclosed in the company's annual report, website and public information observatory. Investors can download it from the company's website\Corporate Governance\Corporate Governance Regulations.</p> <p>3. The company has a "Code of Ethical Conduct" that stipulates that the company's directors, supervisors, and managers should strictly observe the prevention of conflicts of interest, avoid opportunities for self-interest, confidentiality, fair dealing, Protect and properly use company assets, abide by laws and regulations and other ethical behaviors, set an example and shape the company's corporate culture of honest management.</p> <p>4. The company has "Staff Work Rules" to standardize the service rules of all staff at work, including: you must not take advantage of your position to engage in personal fraud, accept gifts, benefit others or yourself, and you</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			must abide by the principle of integrity when handling official duties. , there must be no breach of trust, fraud, or behavior that damages the company's rights and interests, etc., and the policy of honest management should be implemented in work.	
(2) Whether the company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates business activities with higher risks of dishonest behavior within the business scope, and formulates plans to prevent dishonest behavior accordingly, and at least covers "listing on the OTC market" What are the preventive measures for the behaviors in Paragraph 2 of Article 7 of the "Company Code of Integrity Management"?	✓		The "Integrity Business Operation Procedures and Conduct Guidelines" formulated by the company have detailed regulations prohibiting the company's directors, managers and all employees from engaging in any activities that fall within the second paragraph of Article 7 of the "Code of Integrity Business Operations for Listed Overseas Companies" or other Business activities with higher risks of dishonest conduct within the business scope.	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies
(3) Does the company clearly define operating procedures, behavioral guidelines, disciplinary and complaint systems for violations in the plan to prevent dishonest behavior, implement them, and regularly review and amend the plan?	✓		<ol style="list-style-type: none"> 1. The company has established "Integrity Management Operating Procedures and Behavior Guidelines" to standardize specific honest management practices and plans to prevent dishonest behavior, including operating procedures, behavioral guidelines and the establishment of publicity, punishment, appeal systems and disciplinary sanctions, etc., to standardize Personnel should pay attention to matters when performing business. It is prohibited to provide or accept improper benefits in order to implement and prevent dishonest behaviors. The company will continue to review and correct them. 2. The company has also formulated "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct" and established internal and external reporting channels and handling systems to implement the "Ethical Code of Conduct" and "Integrity" formulated by the company. "Business Operating Procedures and Conduct Guidelines" to ensure the sustainable development of the 	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			company's foundation and to ensure the legitimate rights and interests of whistleblowers and related persons. We encourage the reporting of any illegal, immoral, and dishonest behavior, and in the "Employee Work Rules" and "Employee The standards for punishment are set out in the "Rewards and Punishment Measures".	
<p>2. Implementing integrity management</p> <p>(1) Does the company evaluate the integrity records of its dealing partners and clearly stipulate honest behavior clauses in the contracts it signs with its dealing partners?</p>	✓		<p>1. Before dealing with suppliers and customers, our company operates in accordance with the established "Supplier Management and Inquiry and Negotiation Operation Methods" and "Credit Management Methods" to investigate and confirm the integrity of suppliers and customers, such as : Whether you have obtained a drug or medical device license, whether you have obtained a drug dealer license, whether you have any tax arrears, etc., you must confirm that all your products have obtained national standard certification and that the company's operations comply with honest operations before you can trade.</p> <p>2. The contract signed between the company and the supplier stipulates that "Both parties shall abide by relevant industry regulations and ethics and act in accordance with the principle of good faith", or "If the contract partner engages in any dishonest behavior or its products have a negative impact on the environment and society If there is a significant impact, resulting in a breach of contract or damage, we can terminate the contract at any time and demand compensation according to the contract or the damage situation to ensure the rights and interests of the company.</p> <p>3. The company's procurement-related regulations state that suppliers who comply with environmental protection, safety and health regulations will be given priority, which means that they will not cooperate with suppliers who</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			<p>have concerns about environmental protection, safety or health issues, so as to encourage suppliers to Follow relevant norms and work together to improve corporate social responsibility.</p> <p>4. In conjunction with the implementation of the company's supplier management policy, the public version of the contract (contract) and the revision of relevant measures and forms of each department will be completed in 2021. New suppliers will sign a letter of commitment to integrity management in accordance with company regulations.</p>	
(2) Does the company set up a dedicated unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reports to the board of directors on its integrity management policies, plans to prevent dishonest behaviors, and supervision and implementation?	✓		<p>1. Regarding the promotion of the company's integrity management, in addition to having an independent internal audit unit audit and internalize and describe it in relevant systems and regulations for publicity, the "Integrity Management Operating Procedures and Behavior Guidelines" formulated by the company designate the chairman's office as The dedicated unit that promotes integrity management matters handles the revision, implementation, interpretation, consultation services and notification content registration and filing of the operating procedures and behavioral guidelines, and supervises the implementation.</p> <p>2. In 2019, the Chairman assigned the "Information Planning Office" to assist in integrating various internal functional organizations and the implementation of relevant policies and report to the Board of Directors regularly; this year, the 16th meeting of the 7th Board of Directors reported on the annual implementation status on November 10, 2023. No major violations of integrity management occurred during the year.</p> <p>3. The company implements the integrity management</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			policy. The relevant implementation status in 2023 is as follows: (1) The company has internal and external reporting channels and processing systems, and has a dedicated unit and contact channel information for reporting; no relevant information has been received in 2023. Reporting matters. (2) "Supplier Integrity Management Commitment Letter": Starting from November 2021, the company has required all suppliers to sign a supplier integrity management commitment letter in stages to promise to operate with integrity and ethics and fulfill corporate social responsibilities. , promote environmental sustainable development and safeguard basic human rights and other behaviors; 2023 of implementation: 70 cases.	
(3) Has the company formulated a policy to prevent conflicts of interest, provided appropriate channels for reporting, and implemented it?	✓		<ol style="list-style-type: none"> 1. The company's "Integrity Business Operation Procedures and Conduct Guidelines" have clear instructions on the policies and procedures for prohibiting the provision or acceptance of improper benefits, prohibition of facilitation payments, avoidance of benefits, and the handling of reporting cases, and require all personnel to implement them. implement. 2. The company regularly confirms the competitive status of directors and managers for use in business review and approval to grasp possible conflicts of interest risks. 3. If the company's board of directors encounters a case of avoidance of interest, it shall strictly follow the provisions of Article 15 of the company's "Board Meeting Standards". Directors who have an interest in meeting matters or the legal persons they represent shall explain to the board of directors at that meeting If the important content of their interests is likely to be harmful to the 	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			interests of the company, they are not allowed to participate in discussions and voting, and they should recuse themselves from discussions and voting, and they are not allowed to exercise their voting rights on behalf of other directors; this should be recorded in detail in the meeting minutes.	
(4) Whether the company has established effective accounting systems and internal control systems to implement honest operations, and the internal audit unit will formulate relevant audit plans based on the assessment results of the risks of dishonest behaviors, and use them to review plans to prevent dishonest behaviors. Follow the situation, or entrust an accountant to perform an audit?	✓		<p>1. The company's accounting system and internal control system are designed under a framework with the purpose of implementing honest operations. The internal audit unit conducts regular inspections and reports the inspection results and implementation status to the board of directors every quarter.</p> <p>2. The company appoints accountants to conduct annual audits to confirm the implementation of internal controls on a sample basis to provide reasonable assurance that the company's accounting system and internal control system are operating effectively.</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies
(5) Does the company regularly organize internal and external education and training on integrity management?	✓		<p>1. The company encourages employees to participate in various education and training courses, and occasionally promotes relevant measures such as "Integrity Management Operating Procedures and Conduct Guidelines" and "Ethical Code of Conduct" at internal meetings to let employees understand their importance.</p> <p>2. The company regularly holds (once a year) education and promotion on honest management and related laws and regulations. The course topics include: Guidelines for Integrity Business Conduct, Preventing Insider Trading, etc. to prevent dishonest behavior. The implementation status of the 112-year internal education and publicity course is as follows: a) On December 5, external lecturers</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
			<p>are invited to conduct two themed courses covering "Integrity Internal Management" & "Insider Trading Prevention" to all employees, through physical & online participation methods Held, a total of 94 people participated (physical/25 people, online/69 people); b) The external education and training of employees in the remaining 112 years was disclosed on pages 141-142 of the annual report.</p> <p>3. The company also provides course information on directors' responsibilities, integrity management, new laws and regulations from time to time for directors' reference. The further education status of directors and independent directors in 2023 is disclosed on pages 46-47 of the annual report.</p>	
<p>3. Operation of the company's whistleblowing system</p> <p>(1) Has the company formulated a specific reporting and reward system, established a convenient reporting channel, and assigned appropriate dedicated personnel to handle the reported objects?</p>	✓		<p>1. The company has a "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct", assigning appropriate dedicated personnel to handle the reported objects, and specifying the reporting channels, types of reporting matters, reporting procedures, protection policies, Rewards and Obligations for Whistleblowers.</p> <p>2. A specific reporting and reward system, including: establishment of a confidential and direct reporting channel, designation of dedicated personnel, standard operating procedures for the investigation of reporting matters and related confidentiality mechanisms, and protection of whistleblowers from improper treatment due to reporting. Measures, measures to reward reports of dishonest behavior, etc.</p>	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies
(2) Has the company established standard operating	✓		The company's "Measures for Handling Cases of Reporting	Comply with the provisions of the

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
procedures for investigating reports, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?			Illegal, Immoral or Dishonest Conduct" clearly stipulates the reporting procedures, including matters that should be recorded in the reporting content, procedures for handling reporting cases, improvement measures, etc.	Code of Integrity Management of Listed Overseas Companies
(3) Has the company taken measures to protect whistleblowers from being improperly punished for reporting?	✓		The company's "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct" clearly stipulates a protection policy: the identity of the whistleblower and the content of the report should be thoroughly managed confidentially and verified by independent channels. The Company will keep confidential and protect whistleblowers or persons involved in investigations to protect them from unfair treatment or retaliation. Let the whistleblower feel at ease and feel at ease, and maintain a positive and good corporate culture and atmosphere.	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies
4. Strengthen information disclosure Does the company disclose the content of its integrity management code and promote results on its website and public information observatory?	✓		1. The company's "Integrity Business Operation Procedures and Conduct Guidelines" have been disclosed in the company's annual report, website and public information observatory. Investors can check it on the company's website\Corporate Governance\Corporate Governance Regulations. 2. The company discloses the company's integrity management policies, activities and the implementation status of the current year in the corporate website\corporate governance\integrity management area.	Comply with the provisions of the Code of Integrity Management of Listed Overseas Companies
5. If a company has its own code of integrity management based on the "Code of Integrity Business for Listed Companies", please describe the differences between its operation and the stipulated code: The company has formulated the "Integrity Business Operation Procedures and Conduct Guidelines" in accordance with the "Code of Integrity Business for Listed Overseas Companies". Currently, there is no major difference between the relevant operations and the code and the execution is normal.				
6. Other important information that helps to understand the company's honest business operations: (such as the company reviewing and revising its code of honest business operations,				

evaluation items	Execution status (Note 1)			Differences and reasons from the Code of Integrity Management of Listed Over-the-Counter Companies
	yes	no	Summary description (Note 2)	
etc.) If the company revise the "Integrity Business Operation Procedures and Conduct Guidelines", the proposal will be submitted to the board of directors for approval, and will be sent to each independent director and submitted to the shareholders' meeting report, and then announced and implemented.				

Note: Whether the operation status is checked "Yes" or "No", it should be described in the summary description field.

(8) If the company has formulated corporate governance codes and related regulations, it should disclose its inquiry methods:

1. The company has formulated the following relevant rules and regulations in accordance with the "Code of Practice for the Governance of Listed Overseas Companies":

- (1) Articles of Association
- (2) Rules of procedure for board meetings
- (3) Rules of Procedure for Shareholders' Meeting
- (4) Management Measures for Preventing Insider Trading
- (5) Code of Ethical Conduct
- (6) Organizational Rules of the Salary and Remuneration Committee
- (7) Director election method
- (8) Procedures for acquiring or disposing of assets
- (9) Endorsement guarantee operating procedures
- (10) Procedures for loaning funds to others
- (11) Corporate Governance Code
- (12) Code of Practice for Sustainable Development
- (13) Integrity business operating procedures and conduct guidelines
- (14) Board of Directors and Functional Committee Performance Evaluation Methods
- (15) Corporate Environment, Energy Saving and Carbon Reduction Management Measures
- (16) Procedures for applying for suspension and resumption of trading operations
- (17) Procedures for handling cases of reporting illegal, immoral or dishonest conduct
- (18) Articles of Organization of the Special Committee on Mergers and Acquisitions
- (19) Organizational Rules and Regulations of the Audit Committee
- (20) Risk Management Code of Practice
- (21) Standard operating procedures for handling requests from directors
- (22) Internal major information processing procedures
- (23) Operating standards related to financial business between related parties

2. Query method:

- (1) Relevant regulations and rules of corporate governance of the Public Information Observatory: https://mops.twse.com.tw/mops/web/t100sb04_1 (Company code: 8403)
- (2) Our company's website/corporate governance/corporate governance regulations: <https://www.share-hope.com/zh/%E5%85%AC%E5%8F%B8%E6%B2%BB%E7%90%86/%E5%85%AC%E5%8F%B8%E6%B2%BB%E7%90%86%E8%A6%8F%E7%AB%A0>

(9) Other important information that can enhance the understanding of corporate governance operations may be disclosed together: None

1. In order to strengthen the prevention of insider trading, the company has established a mechanism for handling and disclosing major information within the company to avoid improper leakage of information, ensure the security of the company's major information and the consistency and accuracy of external information, and has specially formulated the "Prevention of Insider Trading" "Management Measures" to facilitate internal personnel to follow them.

2. Public information observatory: <https://mops.twse.com.tw/mops/web/index> (stock code: 8403)

(10) The implementation status of the internal control system should disclose the following matters:

1. Internal control statement:

Shenghong Pharmaceutical Co., Ltd.
Internal Control System Statement

Date: March 15, 2024

Based on the results of self-assessment, our company's internal control system for the 112th year of the Republic of China would like to declare as follows:

1. The Company is fully aware that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established this system. Its purpose is to provide reasonable services to achieve the goals of operational effectiveness and efficiency (including profitability, performance and asset security, etc.), reporting reliability, timeliness, transparency and compliance with relevant norms and relevant laws and regulations. of assurance.

2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system will be affected. May change accordingly. However, the company's internal control system has a self-supervision mechanism. Once deficiencies are identified, the company will take corrective actions.

3. The Company determines whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Principles for Establishing Internal Control Systems for Publicly Issuing Companies" (hereinafter referred to as the "Principles"). The internal control system judgment items used in this "processing standard" are based on the management control process, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each component includes several items. Please refer to the provisions of the "Processing Guidelines" for the aforementioned items.

4. The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the evaluation results in the preceding paragraph, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, includes understanding the effectiveness of operations and the extent to which efficiency goals are achieved, and the reporting system. The design and implementation of relevant internal control systems that are reliable, timely, transparent and comply with relevant norms and laws and regulations are effective and can reasonably ensure the achievement of the above goals.

6. This statement will become the main content of the company's annual report and prospectus and will be made public. If the above-mentioned disclosed content is found to be false, concealed or otherwise illegal, it will involve legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7. This statement was approved by the company's board of directors on March 15, 2024. Among the 11 directors present, 0 objected, and the rest agreed with the contents of this statement and hereby declare it.

Shenghong Pharmaceutical Co., Ltd.
Chairman: Yang Hongren signature
Manager: Liu Qingwen signature

2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: Not applicable.

(11) In the most recent year and as of the date of publication of the annual report, the company and its internal personnel have been punished in accordance with the law, or the company has punished its internal personnel for violating the provisions of the internal control system. The result of the punishment may have a significant impact on shareholders' equity or securities prices. For those who are punished, the contents of punishment, main deficiencies and improvements should be listed. :none.

(12) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and as of the publication date of the annual report

1.Board of Directors

meeting date	Major resolution matters
112.03.24 The 13th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Audit business reports. 4. The company prepares its own progress report on the financial reporting capability improvement plan. 5. The actual amount of the 2011 year-end bonus for the company's managers and the 2011 annual salary review report. 6. Greenhouse gas inventory and verification implementation status tracking. 7. 2011 performance evaluation results report of the Board of Directors and functional committees. <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The 111 annual business report and financial statements are proposed for discussion. 2. The proportion and amount of directors' and supervisors' remuneration and employee remuneration in 2022 are proposed for discussion. 3. Review the company's remuneration policies, systems, standards and structures for directors and managers, and propose them for discussion. 4. The independence and competency assessment case of visa accountants in 2023 is proposed for discussion. 5. The appointment of visa accountants in 2023 is proposed for discussion. 6. Min Sheng General Hospital's CT replacement and lease purchase case is proposed for discussion. 7. The purchase case of smart medical clinic information system and clinic equipment is proposed for discussion. 8. It is proposed to formulate the general principles for the company's pre-approval of non-certified service policies and is proposed for discussion. 9. The review proposal of the internal control system statement is proposed for discussion. 10. The proposal to amend the company's "Corporate Governance Code" is proposed for discussion. 11. The proposal to convene the 2023 Annual General Meeting of Shareholders is proposed for

meeting date	Major resolution matters
	discussion. 12. The case of extending the bank's short-term credit limit is proposed for discussion.
112.05.12 The 14th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Audit business reports. 4. 2022 Corporate Governance Assessment Performance Report. 5. Greenhouse gas inventory and verification implementation status tracking. 6. Liability insurance coverage report for directors, supervisors and key employees. <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The consolidated financial statements for the first quarter of 2023 are proposed for discussion. 2. The 2022 surplus distribution case is proposed for discussion. 3. The case of converting profits into capital and issuing new shares is proposed for discussion. 4. The list of candidates nominated by the board of directors (including independent directors) is proposed for discussion. 5. The proposed lifting of non-competition restrictions on newly elected directors (including independent directors) is proposed for discussion. 6. The resignation of Deputy General Manager Chen Pengxuan of the General Manager Office of the Company is proposed for discussion. 7. The appointment of the deputy general manager of the pharmaceutical distribution department of the company is proposed for discussion. 8. The appointment of the company's head of information security is proposed for discussion. 9. The proposal to amend the company's "Rules of Procedure for Shareholders' Meetings" is submitted for discussion. 10. It is proposed to add a new resolution to the company's 2023 shareholders' regular meeting and submit it for discussion. 11. The case of extending the bank's short-term credit limit is proposed for discussion.
112.08.11 The 15th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Audit business reports. 4. "Sustainable Development Action Plan for Listed Companies" Report. 5. Greenhouse gas inventory and verification implementation status tracking. 6. Report on the establishment of the subsidiary "Shengtai Food Technology Co., Ltd." 7. Report on the subscription of Class A special shares of "Shangding Medical Imaging Technology Co., Ltd." <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The consolidated financial statements for the second quarter of 2023 are proposed for discussion. 2. The return of dialysis center business to Min Seng General Hospital is proposed for discussion. 3. The real estate sale case of our company's office building on Zhongming South Road, Taichung, is proposed for discussion. 4. Revision of the company's "Related Enterprise Transaction Management Operating Standards" is proposed for discussion. 5. The proposal to amend the company's "Code of Practice for Sustainable Development" is proposed for discussion. 6. Formulate the ex-dividend base date for the company's 2022 earnings distribution and other related matters, and submit them for discussion.

meeting date	Major resolution matters
	7. The case of extending the bank's short-term credit limit is proposed for discussion.
112.11.10 The 16th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Audit business reports. 4. Report on the establishment of a subsidiary "Huiyun Microfluid Co., Ltd." 5. In 2023, the Corporate Governance Association was commissioned to conduct an external evaluation report on the performance of the board of directors. 6. Greenhouse gas inventory and verification implementation status tracking. 7. 112-year corporate integrity management execution report. 8. 112-year corporate sustainable development executive report. <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The consolidated financial statements for the third quarter of 2023 are proposed for discussion. 2. The new loan case of bank's short-term credit limit is proposed for discussion.
112.12.22 The 17th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Report on the operation of the risk management working group in 2023. 4. Tracking matters for the self-assessment operation level inspection of the 111-year internal control system. 5. Report on the performance of communication with various stakeholders in 2023. 6. Information security execution report. <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The donation of NT\$1 million to the United Medical Foundation is proposed for discussion. 2. The 113-year budget and operating plan are proposed for discussion. 3. Formulate the 113 annual audit plan and submit it for discussion. 4. Revision of the company's "Internal Control System" and "Internal Audit Implementation Rules" are proposed for discussion. 5. The company's year-end bonus payment plan is proposed for discussion. 6. The proposal on the principles for the payment of year-end bonuses to the company's managers is proposed for discussion. 7. The case of extending the bank's short-term credit limit is proposed for discussion.
113.03.15 The 18th session of the 7th session Board of Directors	<p>(1) Reporting matters:</p> <ol style="list-style-type: none"> 1. Resolutions and implementation of the last meeting. 2. Business reports. 3. Audit business reports. 4. The company purchased 1.5 million shares of Smart Medical City Co., Ltd. from Yaosheng Information Co., Ltd., with a total investment amount of NT\$22.5 million. 5. Investment report of Chaoji Biotechnology Co., Ltd. 6. The actual amount of the year-end bonus for the company's managers in 2023 and the annual salary review report for 2012. 7. Greenhouse gas inventory and verification implementation status. 8. Report on performance evaluation results of the Board of Directors and functional committees in 2023. <p>(2) Matters discussed:</p> <ol style="list-style-type: none"> 1. The 112 annual business report and financial statements are proposed for discussion. 2. The proportion and amount of directors' and supervisors' remuneration and employee

meeting date	Major resolution matters
	<p>remuneration in 2023 are proposed for discussion.</p> <p>3. The remuneration case of the company's independent directors is proposed for discussion.</p> <p>4. The independence and competency assessment case of visa accountants in 2024 is proposed for discussion.</p> <p>5. The 2024 visa accountant appointment case is proposed for discussion.</p> <p>6. The review proposal of the internal control system statement is proposed for discussion.</p> <p>7. The change of the company's corporate governance manager is proposed for discussion.</p> <p>8. The change of the company's acting spokesperson is proposed for discussion.</p> <p>9. The proposal to amend the company's "Organizational Rules of the Audit Committee" and "Standards of Procedures of the Board of Directors" is proposed for discussion.</p> <p>10. The case of extending the bank's short-term credit limit is proposed for discussion.</p> <p>11. The comprehensive re-election of the company's directors (including independent directors) is proposed for discussion.</p> <p>12. The proposal to convene the 2024 Annual General Meeting of Shareholders was submitted for discussion.</p>

2. Regular shareholders' meeting

meeting date	Major resolution matters	Execution situation
112.6.30 regular shareholders meeting	1. 111 Annual Business Report, Financial Statements and Consolidated Financial Statements Approval Case	Execution completed.
	2. 2011 Profit Distribution Proposal	On May 12, 2012, the board of directors approved and the board of directors authorized the chairman on August 11, 2012 to set October 3, 2012 as the ex-dividend base date (cash dividend of 0.5 yuan per share and stock dividend of 0.50000007 yuan).
	3. Profit conversion and capital increase and issuance of new shares	1. Number of shares issued: 6,002,109 shares. 2. Paid-in capital after capital increase: NT\$1,260,442,700. 3. Purpose of capital increase: strengthening financial structure.
	4. Amendment to the Company's "Rules of Procedure for Shareholders' Meetings"	It has been processed in accordance with the revised procedures and announced on the company's website.
	5. Election of two additional directors (including one independent director)	Execution completed.
	6. Lifting the non-competition restrictions of newly elected directors (including independent directors)	Execution completed.

(13) In the most recent year and as of the date of publication of the annual report, directors or supervisors have different opinions on important resolutions passed by the board of directors and there are records or written statements. The main content is: None.

(14) Summary of resignation and dismissal of relevant persons of the company

April 25, 2024

JOB TITLE	NAME	DATE OF ARRIVAL	DISMISSAL DATE	REASON FOR RESIGNATION OR DISMISSAL
Corporate Governance Officer	Fu Lanying	110/11/05	113/03/01	retire
Acting Spokesperson	Li Hongyi	102/03/20	113/03/15	Job adjustment

Note: The so-called company-related persons refer to the chairman of the board, general manager, accounting supervisor, financial supervisor, internal audit supervisor, R&D supervisor, etc.

3.4 Accountant public expense information

(1) Visa accountant public information :

Visa accountant public information

Amount unit: NT\$ thousand

Accounting firm name	Accountant name	Accountant's review period	Audit public expenses	Non-audit public expense	total	Remark
Anhou Jianye United Accounting Firm	Kou Huizhi	112/01/01~112/12/31	3,030	453	3,483	1. Contents of non-audit publicly funded services: 2. The public fee for tax visa is 198,000 yuan, the transfer pricing report is 180,000 yuan, and the industrial and commercial registration is 75,000 yuan.
	Guo Xinyi					

(2) If the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees in the year before the change, the amount of audit fees before and after the change and the reasons should be disclosed: Not applicable.

(3) If the public audit funds have decreased by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in public audit funds should be disclosed: Not applicable.

3.5 Accountant change information: None

3.6 The company's chairman of the board, general manager, or manager responsible for financial or accounting affairs, who has worked for the certified accountant's firm or its affiliated companies in the past year: None.

3.7 In the most recent year and as of the date of publication of the annual report, the equity transfers and equity pledge changes of directors, supervisors, managers and shareholders holding more than 10% of the shares are as follows:

(1) Changes in equity interests of directors, supervisors, managers and major shareholders

Unit: Share

Professional title (Note 1)	Name	2023		2024 4, 25	
		Number of shares held Increasing (decreasing) number	Number of pledged shares Increasing (decreasing) number	Number of shares held Increasing (decreasing) number	Number of pledged shares Increasing (decreasing) number
Corporate Director (major shareholder)	Minsheng Medical Control(share) company	1,475,490	(1,200,000)	0	
Chairman	Minsheng Medical Control(share) company Representative: Yang Hongren	50,573	0	0	0
Vice Chairman	Minsheng Medical Control(share) company Representative: Xu Shengxin	0	0	0	0
Director and general manager	Minsheng Medical Control(share)Company representative: Liu Qingwen	1.707	0	0	0
director	Minsheng Medical Control(share)Company representative: Sun Zhili	0	0	0	0

Professional title (Note 1)	Name	2023		2024 4, 25	
		Number of shares held Increasing (decreasing) number	Number of pledged shares Increasing (decreasing) number	Number of shares held Increasing (decreasing) number	Number of pledged shares Increasing (decreasing) number
director	Minsheng Medical Control(share)Company Representative: Chen Wenzhong	0	0	0	0
Corporate Director	Rongyang Management Consulting Co., Ltd.	6,377	0	0	0
director	Rongyang Management Consulting Co., Ltd. Representative: Zhang Changrong	0	0	0	0
director	Yang Chen Caibi	67,465	0	0	0
independent director	Wu Genzai	0	0	0	0
independent director	Li Shuxing	0	0	0	0
independent director	Chen Houming	0	0	0	0
independent director	Yao Xiubi	0	0	0	0
deputy general manager	Chen Pengxuan	7	0	0	0
deputy general manager	Wu Mingxun	12,127	0	0	0
deputy general manager	Ke Weixin	8	0	0	0
deputy general manager	Fu Lanying	1,436	0	0	0
deputy general manager	Li Hongyi	0	0	0	0
deputy general manager	Cai Yufang	0	0	0	0
deputy general manager	He Weiguang	0	0	0	0
Accounting Associate	Huang Yamei	(10,695)	0	0	0

(2) In the most recent year and as of the date of publication of the annual report, directors, supervisors, managers and counterparties to shareholders whose equity transfer

exceeds 10% are related parties: None.

- (3) In the most recent year and as of the date of publication of the annual report, directors, supervisors, managers and counterparties of shareholders holding more than 10% of the equity pledge are related parties: None.

3.8 Information on the relationship between the top ten shareholders who hold the largest shareholding ratio and who are related to each other in Financial Accounting Standards Bulletin No. 6 or are spouses or relatives within the second degree.

April 26, 113/Unit: share; %

NAME (NOTE1)	MYSELF HOLD SHARES		SPOUSES AND MINOR CHILDREN HOLD SHARES		HOLDING SHARES IN AGGREGATE IN THE NAME OF OTHERS		IF THE TOP TEN SHAREHOLDERS ARE RELATED TO EACH OTHER OR ARE SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE, THEIR NAMES AND RELATIONSHIPS. (NOTE3)		R E M A R K S
	Number of shares	sharehol ding ratio	Number of shares	shareh olding ratio	Numb er of shares	shareh olding ratio	Name (or name)	relation	
Minsheng Medical Control Co., Ltd. Representative: Yang Hongren	36,298,290	28.80	0	0	0	0	without	without	wit ho ut
	924,480	0.73	0	0	0	0	Yang Chen Caibi	mother and son	wit ho ut
Su Qingrong	1,442,250	1.14	0	0	0	0	without	without	wit ho ut
Yang Chen Caibi	1,416,771	1.12	1,213	0	0	0	Yang Hongren	mother and son	wit ho ut
Yang Hongren	924,480	0.73	0	0	0	0	Yang Chen Caibi	mother and son	wit ho ut
Yellow嫫benefit	860,000	0.67	0	0	0	0	without	without	wit ho ut
Yang Zheng Investment Co., Ltd. Representative: Yang Chen Caibi	771,481	0.56	0	0	0	0	without	without	wit ho ut
	1,416,771	1.12	1,213	0	0	0	Yang Hongren	mother and son	wit ho ut
Tian Yulong	693,787	0.55	0	0	0	0	without	without	wit ho ut
Citi Custodian DFA Emerging Markets Core Securities Investment Account	678,473	0.54	0	0	0	0	without	without	wit ho ut
Minsheng Asset Management Co., Ltd.	595,194	0.47	0	0	0	0	Yang Chen Caibi	mother and son	wit ho ut

NAME (NOTE1)	MYSELF HOLD SHARES		SPOUSES AND MINOR CHILDREN HOLD SHARES		HOLDING SHARES IN AGGREGATE IN THE NAME OF OTHERS		IF THE TOP TEN SHAREHOLDERS ARE RELATED TO EACH OTHER OR ARE SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE, THEIR NAMES AND RELATIONSHIPS. (NOTE3)		R E M A R K S
	Number of shares	sharehol ding ratio	Number of shares	shareh olding ratio	Numb er of shares	shareh olding ratio	Name (or name)	relation	
	Representative: Zhang Changrong	0	0	0	0	0	without	without	
Xu Rongyuan	594,208	0.47	0	0	0	0	without	without	wit ho ut

Note1: All the top ten shareholders should be listed. For legal person shareholders, the name of the legal person shareholder and the name of the representative should be listed separately.

Note2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in one's own name, one's spouse, one's minor children, or the name of another person.

Note3: The shareholders listed in the previous disclosure include legal persons and natural persons, and the relationship between them should be disclosed..

3.9 The number of shares held by the company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and the comprehensive shareholding ratio shall be calculated together

113.03.15; unit:thousandshare;%

Reinvestment business (Note)	The company invests		Directors, supervisors, managers and investments in enterprises directly or indirectly controlled		comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Min Chenghealthy(share) company	22,454	61.46%	0	0	22,454	61.46%
Shenghong Pharmaceutical(Hongkong)Ltd.	1,500	100%	0	0	1,500	100%
Zhongyuan Medical Management(share) company	1,000	100%	0	0	1,000	100%
Bohui Biotechnology(share) company	2,211	25%	0	0	2,211	25%
Smart Medical City(share) company	17,154	91.47%	0	0	17,154	91.47%
Precision health(share) company	10,500	38.90%	0	0	10,500	38.90%
Shengshi Digital Health Co., Ltd. (Formerly known as Shengshi Technology(share) company)	100	100%	0	0	100	100%
Shengtai Food Technology Co., Ltd.	80	80%	0	0	80	80%
Huiyun Microfluidics Co., Ltd.	100	100%	0	0	100	100%
Min Sheng(Tianjin) Investment Management Company	0	100%	0	0	0	100%
Minsheng Asia Pacific(Beijing) Enterprise Management Co., Ltd.	0	100%	0	0	0	100%
Min Cheng(share) company	0	0	6,000	100%	6,000	100%
The first long-term care platform(share) company	0	0	867	29.08%	867	29.08%
Mytrex USA Co.	0	0	800	88.89%	800	88.89%
Shengyou Rehabilitation Technology (Co., Ltd.)	0	0	2,000	47.62%	2,000	47.62%
Fangding Information(share) company	0	0	1	51%	1	51%
Global Biotech Investment(share)company	0	0	500	23.98%	500	23.98%

Reinvestment business (Note)	The company invests		Directors, supervisors, managers and investments in enterprises directly or indirectly controlled		comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Shengyu Health Technology Co., Ltd.	0	0	200	40%	200	40%
Shengyun Pharmaceuticals(share) company (Formerly known as Macron Co., Ltd.)	0	0	6,450	100%	6,450	100%
Leap Lion Health(share) company (formerly known as Minsheng Pharmaceutical (Co., Ltd.))	0	0	6,035	100%	6,035	100%
Digital transformation of medical electronics(share) company	0	0	800	80%	800	80%
Honghan Health Career(share)company	0	0	5,500	100%	5,500	100%
Craftsman settlement(share)company	0	0	170	48.57%	170	48.57%
Fuyi Health Management Consultant(share)company	0	0	20,500	100%	20,500	100%
Anzhun Technology (Co., Ltd.)	0	0	2,000	40%	2,000	40%
Handing Digital Technology(share)company	0	0	3,000	100%	3,000	100%
Chinachem Biomedical(stock) company	0	0	2,000	100%	2,000	100%
Shangjia Health Industry Co., Ltd.	0	0	3,390	33.90%	3,390	33.90%

4. Fund-raising situation

4.1 Capital and shares

(1) Source of equity capital

Unit: Thousand shares; Thousand yuan

years	issue Price	Approved share capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Using property other than cash as payment for shares	other
92.10	10	1,000	10,000	1,000	10,000	Establish capital	without	Note 1
96.11	10	21,000	210,000	21,000	210,000	Cash capital increase	without	Note 2
97.05	15	50,000	500,000	23,100	231,000	Cash capital increase	without	Note 3
97.08	10	50,000	500,000	25,000	250,000	Surplus transferred to capital increase	without	Note 4
98.09	10	50,000	500,000	27,000	270,000	Surplus transferred to capital increase	without	Note 5
	13.25			27,150	271,500	Employee bonus converted into capital increase		
98.10	27	50,000	500,000	30,150	301,500	Cash capital increase	without	Note 6
99.02	31	50,000	500,000	35,148	351,480	Cash capital increase	without	Note 7
99.07	10	50,000	500,000	37,960	379,598	Surplus transferred to capital increase	without	Note 8
	15.16			38,110	381,098	Employee bonus converted into capital increase		
100.03	36	50,000	500,000	42,192	421,918	Cash capital increase	without	Note 9
100.09	10	50,000	500,000	43,458	434,576	Surplus transferred to capital increase	without	Note 10
101.10	18.8	100,000	1,000,000	43,708	437,076	Employee stock subscription	without	Note 11
	10			45,881	458,805	Surplus transferred to capital increase		
	22.98			51,297	512,971	Convertible bonds into common stock		
102.03	22.98	100,000	1,000,000	51,850	518,497	Convertible bonds into common stock	without	Note 12
102.05	18	100,000	1,000,000	51,854	518,537	Employee stock subscription	without	Note 13
	22.98			52,398	523,977	Convertible bonds into common stock		
102.10	18	100,000	1,000,000	52,467	524,672	Employee stock subscription	without	Note 14
	10			55,087	550,870	Surplus transferred to capital increase		

	22.98			55,152	551,523	Convertible bonds into common stock		
102.12	17.1 18	100,000	1,000,000	55,428	554,283	Employee stock subscription	without	Note 15
103.04	17.1 21.89	100,000	1,000,000	55,452 55,589	554,523 555,894	Employee stock subscription Convertible bonds into common stock	without	Note 16
103.06	17.1	100,000	1,000,000	55,600	556,003	Employee stock subscription	without	Note 17
103.10	17.1 10 21.89	100,000	1,000,000	55,630 58,410 58,734	556,303 584,104 587,347	Employee stock subscription Surplus transferred to capital increase Convertible bonds into common stock	without	Note 18
104.01	16.3 21.89	100,000	1,000,000	58,745 58,823	587,457 588,234	Employee stock subscription Convertible bonds into common stock	without	Note 19
104.06	16.3 20.86 37.85	100,000	1,000,000	59,021 59,093 59,318	590,214 590,933 593,179	Employee stock subscription Convertible bonds into common stock Convertible bonds into common stock	without	Note 20
104.10	37.85 10	100,000	1,000,000	59,492 62,372	594,923 623,722	Convertible bonds into common stock Surplus transferred to capital increase	without	Note twenty one
104.12	37.85 36.09	100,000	1,000,000	63,548 64,684	635,479 646,839	Convertible bonds into common stock Convertible bonds into common stock	without	Note twenty two
105.04	36.09	100,000	1,000,000	74,287	742,874	Convertible bonds into common stock	without	Note twenty three
105.06	36.09	100,000	1,000,000	74,971	749,718	Convertible bonds into common stock	without	Note twenty four
105.10	36.09	100,000	1,000,000	75,584	755,842	Convertible bonds into common stock	without	Note 25
106.09	10	100,000	1,000,000	79,288	792,888	Surplus transferred to capital increase	without	Note 26
107.02	10	100,000	1,000,000	77,797	777,978	Cancellation of treasury shares	without	Note 27
107.04	30	100,000	1,000,000	92,797	927,978	Cash capital increase	without	Note 28
107.10	10	100,000	1,000,000	97,437	974,378	Surplus transferred to capital increase	without	Note 29
108.10	10	150,000	1,500,000	102,309	1,023,096	Surplus transferred to capital increase	without	Note 30
109.10	34.6	150,000	1,500,000	103,425	1,034,252	Convertible bonds into common stock	without	Note 31

109.10	10			108,541	1,085,407	Surplus transferred to capital increase	without	
110.01	33	150,000	1,500,000	108,697	1,086,969	Convertible bonds into common stock	without	Note 32
110.04	33	150,000	1,500,000	108,882	1,088,818	Convertible bonds into common stock	without	Note 33
110.10	10	150,000	1,500,000	114,326	1,143,259	Surplus transferred to capital increase	without	Note 34
111.09	10	150,000	1,500,000	120,042	1,200,422	Surplus transferred to capital increase	without	Note 35
112.09	10	150,000	1,500,000	126,044	1,260,442	Surplus transferred to capital increase	without	Note 36

Note1:92Year10moon13Nikkei awarded Chinese subtitles09232793980No.
Note2:96Year11moon20Nikkei awarded Chinese subtitles09633073780No.
Note3:97Year05moon19Nikkei awarded Chinese subtitles09732260910No.
Note4:97Year08moon04Nikkei awarded Chinese subtitles09732765220No.
Note5:98Year07moon14Japanese Financial Management Certificate0980034558No.
and98Year09moon15Nikkei awarded Chinese subtitles09833057760No.
Note6:98Year07moon29Japanese Financial Management Certificate0980037987No.
and98Year10moon08Nikkei awarded Chinese subtitles09833206110No.
Note7:98Year12moon11Japanese Financial Management Certificate0980066075No.
and99Year02moon10Nikkei awarded Chinese subtitles09931671870No.
Note8:99Year07moon28Japanese Financial Management Certificate0990039571No.
and99Year11moon01Nikkei awarded Chinese subtitles09932762350No.
Note9:100Year01moon17Japanese Financial Management Certificate0990073963No.
and100Year3moon14Nikkei awarded Chinese subtitles10031753080No.
Note10:100Year07moon07Japanese Financial Management Certificate1000031409No.
and100Year9moon14Nikkei awarded Chinese subtitles10032489230No.
Note11:101Year08moon10Japanese Financial Management Certificate1010035228No.
and101Year10moon30Nikkei granted business title10101224560No.
Note12:102Year03moon12Nikkei granted business title10201044170No.
Note13:102Year05moon17Nikkei granted business title10201091590No.
Note14:102Year08moon06Japanese Financial Management Certificate1020030545No.
and102Year10moon1Nikkei granted business title10201202410No.
Note15:102Year12moon20Nikkei granted business title10201256970No.
Note16:103Year04moontwenty twoNikkei granted business title10301070200No.
Note17:103Year06moon17Nikkei granted business title10301114790No.
Note18:103Year10moon03Nikkei granted business title10301204740No.
Note19:104Year01moon13Nikkei granted business title10301262300No.
Note20:104Year06moon17Nikkei granted business title10401117580No.
Notetwenty one:104Year10moon05Nikkei granted business title10401201570No.
Notetwenty two:104Year12moon15Nikkei granted business title10401268730No.
Notetwenty three:105Year04moon20Nikkei granted business title10501077020No.
Notetwenty four:105Year06moon28Nikkei granted business title10501130760No.
Note25:105Year10moon03Nikkei granted business title10501236380No.
Note26:106Year09moon27Nikkei granted business title10601134570No.
Note27:107Year02moon14Nikkei granted business title10701017630No.
Note28:107Year04moon11Nikkei granted business title10701037200No.
Note29:107Year10moon09Nikkei granted business title10701128970No.
Note30:108Year10moon04Nikkei granted business title10801134510No.
Note31:109Year10moon13Nikkei granted business title10901186610No.
Note32:110Year01moon19Nikkei granted business title11001007520No.
Note33:110Year04moon20Nikkei granted business title11001063430No.
Note34:110Year10moon18Nikkei granted business title11001184020No.
Note 35: Jingshu Shang Zi No. 11101178780, September 28, 111
Note 36:112September 20Nikkei granted business title11230178490No.

Share type

113.4.26/Unit: Share

Kind	shares	Approved share capital			Remarks
		Shares outstanding (Note)	unissued shares	total	

common stock	126,044,270share	23,955,730share	150,000,000share	without
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Note:1.The issued shares are listed stocks.

2.Information related to the blanket reporting system: None.

(2) Shareholder structure

113.4.26

Shareholder structure quantity	government agency	financial institution	Other legal persons	Foreign institutions and foreigners	personal	total
Number of people	0	0	92	60	29,870	30,022
Number of shares held	0	0	39,315,488	2,854,134	83,874,648	126,044,270
Shareholding ratio(%)	0	0	31.20%	2.26%	66.54%	100.00%

(3) Equity dispersion

113.4.26; unit: share;%

Shareholding Classification	Number of shareholders	Number of shares held	Shareholding ratio
1to999	18,757	1,835,654	1.46%
1,000to5,000	8,050	16,014,789	12.71%
5,001to10,000	1,529	10,445,189	8.29%
10,001to15,000	609	7,237,310	5.74%
15,001to20,000	312	5,462,582	4.33%
20,001to30,000	322	7,738,310	6.14%
30,001to40,000	138	4,760,133	3.78%
40,001to50,000	75	3,387,162	2.69%
50,001to100,000	135	9,163,301	7.27%
100,001to200,000	62	8,537,723	6.77%
200,001to400,000	17	4,476,498	3.55%
400,001to600,000	8	3,960,087	3.14%
600,001to800,000	3	2,083,741	1.65%
800,001to1,000,000	2	1,784,480	1.42%
1,000,001above	3	39,157,311	31.07%
total	30,022	126,044,270	100.00%

(4) List of major shareholders: Names of shareholders with a shareholding ratio of more than 5% or the top ten shareholders with a shareholding ratio of more than 5%, shareholding amount and proportion

113.4.26; unit: share

shares Name of major shareholder	Number of shares held	Shareholding ratio
Minsheng Medical Control Co., Ltd.	36,298,290	28.80
Su Qingrong	1,442,250	1.14
Yang Chen Caibi	1,416,771	1.12
Yang Hongren	924,480	0.73
Huang Enhui	860,000	0.68
Yang Zheng Investment Co., Ltd.	711,481	0.56
Tian Yulong	693,787	0.55
Citi Custodian DFA Emerging Markets Core Securities Investment Account	678,473	0.54
Minsheng Asset Management Co., Ltd.	595,194	0.47
Xu Rongyuan	594,208	0.47

(5) The market price, net worth, earnings, dividends and related information of each share in the last two years:

Unit: NT\$/share

project year		111year	112 years	113.3.31 (Note 5)
Price per share	Highest	40.40	46.30	33.95
	lowest	26.50	31.80	31.00
	average	33.34	35.15	32.10
Net value per share	Before allocation	28.48	27.67	28.27
	After allocation	27.98	(Note 1)	-
Earnings per share	Weighted average number of shares (thousand shares)		120,042	126,044
	Earnings per share	before adjustment	2.45	0.99
		After adjustment	2.33	(Note 1)
Dividends per share	cash dividend		0.50	0.4(Note 1)
	Free allotment	Earnings allotment	0.50000007	0.40000001
		Capital reserve allotment	0	0
	Accumulated unpaid dividends		0	0
return on investment analyze	Price to earnings ratio (Note 2)		13.61	35.51
	Cost-to-liability ratio (Note 3)		66.68	87.88(Note 1)
	Cash dividend yield (Note 4)		1.50%	1.14%(Note 1)

Note 1:Our company Republic of China 112The annual profit distribution proposal has not yet been approved by the shareholders' meeting..

Note 2: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 3: Cost-to-interest ratio = average closing price per share for the year/cash dividend per share.

Note 4: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note5: Net value per share and earnings per share are filled with the information reviewed by accountants for the most recent quarter as of the date of publication of the annual report; the remaining fields are filled with information for the current year as of the date of publication of the annual report.

(6) Company dividend policy and implementation status

1. Dividend policy stipulated in the company's articles of association

If there is a surplus in the company's annual final accounts, it will pay taxes in accordance with the law and make up for the accumulated losses, and then set aside 10% as a statutory surplus reserve. However, when the statutory surplus

reserve has reached the company's paid-in capital, it may no longer be set aside. ; The rest will be set aside or transferred to the special surplus reserve in accordance with the provisions of the law; if there is still a balance and accumulated undistributed surplus, the board of directors will prepare a surplus distribution proposal and submit it to the shareholders' meeting to resolve the distribution of dividends to shareholders.

The company's dividend policy for shareholders isAfter considering the company's current and future investment environment, capital needs, profitability, capital structure and future operating needs, taking into account the interests of shareholders, balanced dividends and the company's long-term financial planning, etc., it will be distributed in the form of cash or stocks.shareholder dividendsAmong them, the proportion of cash dividends paid shall not be less than the total dividends of the current year.twenty percentIn principle, the rest will be distributed in the form of stock dividends. However, the actual distribution ratio may be adjusted based on the actual profits and operating conditions of the current year.

2. Dividend distribution proposed (already) discussed this year:

Our company112Dividend distribution proposed at the annual general meeting of shareholders (experienced113.5.10approved by the board of directors)

Dividend type	allotment per share(Yuan)	Source
cash dividend	0. 40000000	undistributed earnings
stock dividends	0. 40000001	undistributed earnings

(7) The impact of this proposed free allotment on the company's operating performance and earnings per share:112Annual distributable surplus719,995,614Yuan, it is proposed that this free allotment of shares 0.40000001Yuan/share and has no significant impact on the company's operating performance and earnings per share.

(8)staff,Remuneration of directors and supervisors

1.The percentage or range of employee dividends and remuneration of directors and supervisors specified in the company's articles of association:

If the company makes a profit during the year, it should allocate 6% to 10% as employee compensation, which shall be distributed in the form of stocks or cash by resolution of the board of directors. The distribution objects include those who meet the requirements.under certain conditionsAffiliated companiesstaff; The company can increase the amount of profit and allocate no more than 3% of the profit amount to the directors by resolution of the board of

directors supervise Remuneration. Proposals for the distribution of employee remuneration and director and supervisor remuneration should be reported to the shareholders' meeting. However, if the company still has accumulated losses, it should reserve the compensation amount in advance and then allocate employee remuneration and directors and supervisors remuneration in accordance with the proportion mentioned above.

2. Estimated employees for this period, director and Basis for estimating the amount of supervisor's remuneration, Employee compensation distributed in shares The basis and actual calculation of the number of shares dispatch Accounting treatment if the amount is different from the estimated amount:

The company's estimated employees for the current period, director and The amount of the supervisor's remuneration is calculated and estimated based on the company's internal estimates of the full-year operating results and the provision ratio stipulated in the company's articles of association. like Follow-up Board If there is a difference between the resolution distribution amount and the estimated amount, it will be regarded as a change in accounting estimate, and the annual profit and loss of the distribution will be adjusted to increase or decrease the distribution amount..

3. The board of directors approves the distribution of remuneration:

- (1) The amount of employee remuneration and the remuneration of directors and supervisors distributed in cash or stocks. If there is a difference from the annual estimated amount of recognized expenses, the amount of the difference, the reason and the handling situation should be disclosed:

Unit: Yuan

Assign projects	Amount of allotment proposed by the Board of Directors (A)	Annual estimated amount of recognized expenses (B)	Difference amount (AB)	Reasons and handling of differences
staff Remuneration	11,194,299	11,194,299	0	no difference
Remuneration of directors and supervisors	1,865,717	1,865,717	0	

- (2) The amount of employee compensation distributed in the form of stocks and its proportion to the total net income after tax and total employee compensation in individual or individual financial reports for the current period: Not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, the

amount and stock price), and if there is any difference between the remuneration of employees, directors and supervisors recognized, the difference, reasons and handling should be stated.:

Unit: Yuan

Assign projects	Amount of allotment proposed by the Board of Directors (A)	realinternationalAllotment amount(B)	Difference amount (AB)	Reasons and handling of differences
employee compensation	24,494,396	0	24,494,396	The difference in employee remuneration of the company is mainly due to the payment method in installments, so there is still a part of the amount that has not yet been paid.Caused by.
Remuneration of directors and supervisors	4,082,399	4,082,399	0	

(9) Situation in which the company buys back its own shares:without

4.2 Corporate bond handling situation: None.

4.3 Special stock handling situation: None.

4.4 Overseas depositary receipts handling situation: None.

4.5 Processing of employee stock option certificates

4.6 Processing of mergers and acquisitions or transfer of shares of other companies and issuance of new shares: None

4.7 Fund utilization plan and execution:

Our company 107 Year Cash capital increase, issuance of new shares and issuance of the third domestic unsecured conversion corporate bond

(one) Plan content

(1) Approval date and document number: Republic of China 107.1.17 Financial Management Certificate 1060051454 No. Jijinguan Zhengfa No. 10600514541 letter.

(2) Total funds required for the project: NT\$600,000 Thousand Yuan.

(3) Source of funds: Cash capital increase, issuing 15,000 new shares priced at NT\$30 each and issuing 1,500 domestic third unsecured conversion corporate bonds, each with a face value of NT\$100,000.

(two) Projects and funds implementation situation

The plan includes a cash capital increase to raise 15,000 thousand shares, with an issuance price of 30 yuan per share, and a total raised amount of 450,000 yuan. The third domestic unsecured conversion of corporate bonds will raise 150,000 yuan, totaling 600,000 yuan. The convertible debt department Share in 107 Year 2 month 07 day Received full payment of 150,000 thousand Yuan, For the cash capital increase, the full payment of 450,000 yuan was received on March 30, 2017. Estimated fund utilization progress As shown in the following table:

Estimated fund utilization progress

Unit: Thousands of New Taiwan Dollars

Planned projects	expected to be completed date	Required funds total amount	pre Certain Fund utilization progress						
			Year 106		107 years				108 years
			third episode	Season 4	Season one	second season	third episode	Season 4	Season one
Purchase fixed assets	107th year three season	200,000	21,492	66,388	45,858	41,358	24,904		
Buy equity	108 years first season	200,000			140,000				60,000
Enrich working capital	107 Season 1	200,000			200,000				
total		600,000	21,492	66,388	385,858	41,358	24,904	-	60,000

As of the fourth quarter of 2018, Shenghong Company has used 200,000 yuan in

working capital, 200,000 yuan in fixed assets, and 140,000 yuan in equity purchases according to its capital utilization progress. In fact, as of December 31, 2018, the working capital portion was replenished. The funds were recorded on February 7, 2017 and March 30, 2018, and the amount was 200,000 yuan, which has been completed. For the purchase of fixed assets, the purchase of fixed assets amounted to RMB 129,454,000 and was completed in accordance with the actual purchase amount and progress. The signing of the equity purchase part with Zuellig Pharmaceutical Group was completed on May 18, and the actual execution amount was 170,000 yuan. In addition, the project was implemented before the funds were received, so bank borrowings were used to cover the portion. The bank borrowings have been fully repaid. Please see the table below for details.

Unit: Thousands of New Taiwan Dollars

Bank name	Nature of borrowing	collateral	Dial date	Borrowing interest rate	Borrowing amount	Repayment date	Repayment amount
Citibank	short term lending	Credit	106/8/8	1.45%	40,000	107/3/29	40,000
far east bank	short term lending	Credit	106/9/9	1.42%	30,000	107/3/29	30,000
Mega Bank	short term lending	Credit	106/12/18	1.45%	20,000	107/2/9	20,000
total					90,000		90,000

5. Operation overview

5.1 Business content

(1) Business scope

1. Our company's main business contents and product items:

Shenghong Pharmaceutical Co., Ltd. is a professional health management and pharmaceutical operating organization. The main business scope includes the supply of medicines and health materials, medical equipment leasing, health management, medical manpower dispatch, medical management consulting and entrusted operation services, remote medical care, hospital management, etc.

The company's main business items registered with the Ministry of Economic Affairs are as follows:

- 01.F108021 Western medicine wholesale industry.
- 02.F108011 Traditional Chinese medicine wholesale industry.
- 03.F208050 Retail trade of Class B patent medicines.
- 04.F108031 Medical equipment wholesale industry.
- 05.F108040 Cosmetics wholesale industry.
- 06.F208040 Cosmetics retail industry.
- 07.F118010 Information software wholesale industry.
- 08.F401010 International trade industry.
- 09.I103060 Management consulting industry.
- 10.I301010 Information software services industry.
- 11.IC01010 Drug testing industry.
- 12.IZ12010 Manpower dispatch industry.
- 13.JE01010 Leasing industry.
- 14.JZ99050 Intermediary service industry.
15. ZZ99999 In addition to permitted businesses, businesses that are not prohibited or restricted by laws may be operated.
- 16.F102170 Food wholesale industry
- 17.F203010 Food and beverage retail industry
- 18.F208031 Medical equipment retail industry.

2. Business proportion

Unit: Thousands of New Taiwan Dollars

<div> <div>year</div> <div>Business category</div> </div>	112Year	
	business income	Proportion of turnover
Supply of medicines, medical materials and scientific and technological materials	3,035,149	78.36
Health and medical management	694,448	17.93
Equipment rental services	143,787	3.71
total	3,873,384	100

3. The company's current products(service)Project

(1)Pharmaceutical Distribution Department

A.Pharmaceutical joint procurement platform:Including medicines, hygiene materials, home care supplies, etc.

B.Pharmaceutical and sanitary materials warehousing and logistics management

C.Professional information consultation and services on pharmaceuticals and health materials

D.Distribution and agency of medicines, health foods and cosmeceuticals

(2)Health Management Department

A.Medical and health examination management consulting and entrusted operation services

B.Medical laboratory management consulting and entrusted operation services

C. Integrated marketing of medical testing-related instruments, reagents, and consumables

D. Medical manpower planning and dispatch services

E. Clinic planning and setup

F. Workplace health management consulting services

(3)Specialist Services Department

A. Medical equipment rental:Including sales and leasing of medical equipment, engineering, surgical instruments, information software and hardware, and other specific equipment.:

- a. Instrument category: including imaging medical equipment, ultrasound, exercise electrocardiogram, hearing test equipment, respirators, bedside physiological monitors, cardiac electric shock devices, electric burners, surgical pneumatic drills, electric drills, anesthesia machines, leaf membranes, and aorta Balloon pumps, operating tables, microcomputer autoclaves, electronic gastroenteroscopes, etc., and other instruments and auxiliary equipment and facilities needed to treat or prolong the patient's life.
- b. Instruments: surgical instruments, hard and soft endoscopes, etc.
- c. Information: information software and hardware for medical operations, etc.
- B. Follow-up services for leasing medical equipment: including maintenance(Original factory or subsidiary factory), repair and related maintenance consultation, and assist in the disposal of second-hand instruments and equipment.
- C. Project leasing: Tailor-made according to customer needs, modularizing products and services, and providing customers with complete and appropriate leasing projects.
- D. Professional consulting: Provide evaluation related to the construction, purchase and update of medical equipment, software and hardware consulting related to the construction of medical institutions, large-scale medical equipment construction and cooperation consulting; graphic planning, engineering design and cooperation in medical specialties Consultation.
- E. Specialty operation: Cooperate with the medical specialties of medical institutions to provide high-end medical equipment for specialist operation, combining medical professions and equipment supply chains to provide more advanced and professional medical services to the medical public.

(4)Dialysis Division

- A.General dialysis:Hemodialysis and peritoneal dialysis to maintain high-quality dialysis medical services.
- B.special dialysis:Critical care dialysis, ascites dialysis, special blood purification - support for critical care,Blood purification DFPP-double plasma filtration.
- C.Chronic kidney disease case management, nutritional consultation, and kidney disease nursing guidance.

4. New products planned to be developed(service)

- (1) Agency and development of domestic and foreign pharmaceuticals and health materials.
- (2)United Retail Access Expansion Clinic,Pharmacy business.
- (3) Utilize manpower dispatch and professional manpower training to provide customers with complete leasing services, which has been expanded to long-term care and hemodialysis.
- (4) Agent and distribution of medical instruments and equipment and distribution of special sanitary materials.
- (5) Establish specialized business cooperation business in medical instruments and equipment.
- (6)Provide better long-term chronic medical services through the expansion of high-quality hemodialysis centers.

(two)Industry overview

(1) Drug market

A.global pharmaceutical market

According to IQVIA company statistics, excluding costs related to COVID-19 vaccines and therapies, the global pharmaceutical market is divided into advanced countries, emerging pharmaceutical countries, and low-income countries. Advanced countries include the United States, five European countries (Germany, France, the United Kingdom, In advanced countries such as Italy, Spain), Japan, Canada, and Australia, the pharmaceutical market size in 2022 will be approximately US\$1.09 trillion, accounting for 73.42% of the global pharmaceutical market; emerging pharmaceutical markets, mainly mainland China, Brazil, India, and Russia, The pharmaceutical market size in 2022 will be US\$370.8 billion, accounting for approximately 25.02% of the global pharmaceutical market. The global pharmaceutical market size will be approximately US\$1.48 trillion in 2022, which will increase by approximately 4.2% compared with US\$1.42 trillion in 2021. In response to the COVID-19 epidemic, the pace of research and development has been accelerated, such as: mRNA, nucleic acid drugs, etc., and the development of vaccines, new drugs and other fields has been accelerated. Market demand has also continued to expand, driving the growth of the global pharmaceutical market.

2022Annual global pharmaceutical sales regional distribution

Unit: billion U.S. dollars,%

Regional difference	2022 sales	2018~2022 CAGR	2027 Estimated sales	2023~2027 CAGR
advanced countries	10,883	6.1	1,370~1,400	2.5~5.5
-Top ten advanced countries	9,689	5.7	1,207~1,237	2.5~5.5
-America	6,290	4.0	7,630	-1~2
emerging pharmaceutical countries	3,708	7.2	487~518	5~8
low income country	232	6.0	29~33	4.5~7.5
total	14,823	5.1	1,900~1,930	3~6

According to IQVIA's analysis and survey, cancer drugs, hypoglycemic drugs and immunosuppressive drugs are estimated to be the top three therapeutic drugs in 2027. Among them, the cancer drug market is the largest. In addition to the continuous increase in the number of cancer patients every year, cancer drugs are also following innovative treatments. development is estimated to reach US\$377 billion in 2027. In addition, although new drugs for immunosuppressants and hypoglycemic drugs continue to be on the market, due to competition from generic drugs whose patents have expired on some drugs, they have only maintained a growth of 3 to 6%. The market size in 2027 is expected to be US\$177 billion and US\$168 billion respectively. Dollar.

2027The top ten therapeutic drug

Pharmaceutical field	2027 Forecast sales	CAGR 2023~2027
Oncologics (cancer drugs)	3,770	13~16
Immunosuppressants(immunosuppressants)	1,770	3~6
Anti-diabetics	1,680	3~6
Cardiovascular(cardiovascular medication)	1,260	1~4

Respiratory(respiratory medication)	920	3~6
CentralNervousSystem(central nervous system medication)	810	2~5
Infectiousdiseases(drugs for infectious diseases)	740	2~5
GUssexualhealth(genitourinary and sexual health drugs)	580	2~5
GIproducts (gastrointestinal medications)	520	3~6
Mentalhealth(mental health medication)	480	0~3

Source: Global Use of Medicines 2023: Outlook to 2027, IQVIA, 2023 1moon

The global pharmaceutical market has seen a decline in the impact of expired patents on brand-name drugs, and sales of COVID-19 vaccines and drugs continue to grow, such as Comirnaty, the vaccine developed by Pfizer and BioNTech, which has the highest sales[®] and ranked second in salesAbbVieCompany drugsHumira[®], third placeMerck&CoCompany's drug for treating advanced melanomaKeytruda[®]etc., the sales of the world's top ten pharmaceuticals in 2022 totaled US\$178.3 billion, an increase of 10.33% from US\$161.6 billion in 2021.

BasisIQVIA Company April 2023 Survey, the global pharmaceutical market will increase at a compound growth rate of 5.4% in the next five years, and is expected to reach US\$1.8 trillion in 2027.

B.Domestic medicineproduct market

In 2022, the turnover of my country's biotechnology industry (applied biotechnology, pharmaceuticals, and medical device industries) will be NT\$423.9 billion, a decrease of 6.60% compared to NT\$453.8 billion in 2021, of which the pharmaceutical market turnover will be NT\$961 billion, an increase of 4.80% from 2020, accounting for 22.67% of the biotech industry's turnover. The pharmaceutical industry's turnover increased from NT\$80.1 billion in 2017 to NT\$96.1 billion in 2022. As my country encourages manufacturers to invest in new drugs Develop and move toward upstream APIs. The new drugs developed by manufacturers are not only launched domestically, but are also approved for marketing through the strict review standards of the US FDA and the EU EMA. As of the end of May 2023, 13 new domestic drugs have been launched abroad, and their sales The total amount and authorization fee exceeds NT\$6 billion. In addition, there are also cases of products under domestic research and development being licensed to foreign biotech and pharmaceutical companies, which is expected to further expand the market size of my country's new drugs.

2018~2022 Overview of my country's pharmaceutical industry operations in 2019

Unit: NT\$100 million

The first year of the West	2018	2019	2020	2021	2022
Turnover (100 million yuan)	803	855	890	917	961
Number of manufacturers (houses)	358	360	375	378	372
Employees (people)	19,055	19,100	19,500	19,800	20,380
exitvalue(billion yuan)	301	310	322	333	403
importvalue(billion yuan)	1,510	1,680	1,681	1,818	2,176
withinSales: export(%)	63:37	63:37	62:38	64:36	58:42
countrywithinmarket demand(billion yuan)	2,012	2,224	2,249	2,402	2,734

Source: Pharmaceutical Industry Technology Development Center, 2023 years.

Unit: NT\$100 million



my country's biotechnology industry turnover growth trend

Source: Biotech and Pharmaceutical Industry Development Promotion Group of the Ministry of Economic Affairs, Pharmaceutical Industry Technology Development Center, Industrial Technology Research Foundation, Institute of International Strategic Development of Industrial Science and Technology, 2023 years.

From the analysis of the business structure of my country's pharmaceutical industry, the turnover of generic drug preparations and APIs accounts for more than 80% of the total turnover, which is a key item affecting the turnover of the pharmaceutical industry. The main market for generic drug preparations in my country is the health insurance drug market. Affected by the financial considerations and total payment of health insurance, it is difficult to increase the proportion of generic drug preparations in the health insurance drug market. To this end, manufacturers are actively expanding their export markets, hoping to reduce their dependence on the health care drug market, and are cooperating with the Food and Drug Administration (TFDA) of the Ministry of Health and Welfare to become a member of the International Pharmaceutical Inspection Agreement and fully implement PIC/S quality drug manufacturing (GMP), the quality of drugs reaches international standards, and its specifications have also been recognized by some countries, which is conducive to the expansion of the export market. In 2022, the number of Chinese western medicine preparation manufacturers with export performance will reach 88. In addition, the number of my country's new drugs on the international market has gradually increased, and the product sales and licensing revenue it has brought have made substantial contributions to the turnover of my country's pharmaceutical industry. In 2022, the turnover of my country's pharmaceutical industry will grow significantly.

(2) Smart medical care

In the future, medical care will look very different from the past. In the past, patients usually only sought treatment and assistance from the medical care system when they were sick or injured. However, with the evolution of various technologies, the medical care industry is about to face tremendous changes. According to OECD Statistics show that global life expectancy will increase 5.5New Year's Eve 80.5 years, in response to this development trend, population health management(population health management) The potential market will continue to grow:

Expected 2025 The population health management market will reach 503.5 billion US dollars, of which telemedicine(telehealth use) The proportion of applications continues to increase, as of 2018 Already in years 65% of telemedicine actions can be operated via mobile devices, with up to80%of doctors already provide medical services through smartphones and medical apps, and medical technology-related market sales are expected to grow5.1%,exist2022year will reach529.8Therefore, we expect that future

medical care will no longer focus solely on disease treatment. With the assistance of technology and data, more resources will be invested in maintaining health and preventing disease.

When it comes to the advent of the digital age in the medical field, the biggest change is the increasing emphasis on data. Therefore, precision medicine has also become a hot topic under the application of data, such as data obtained

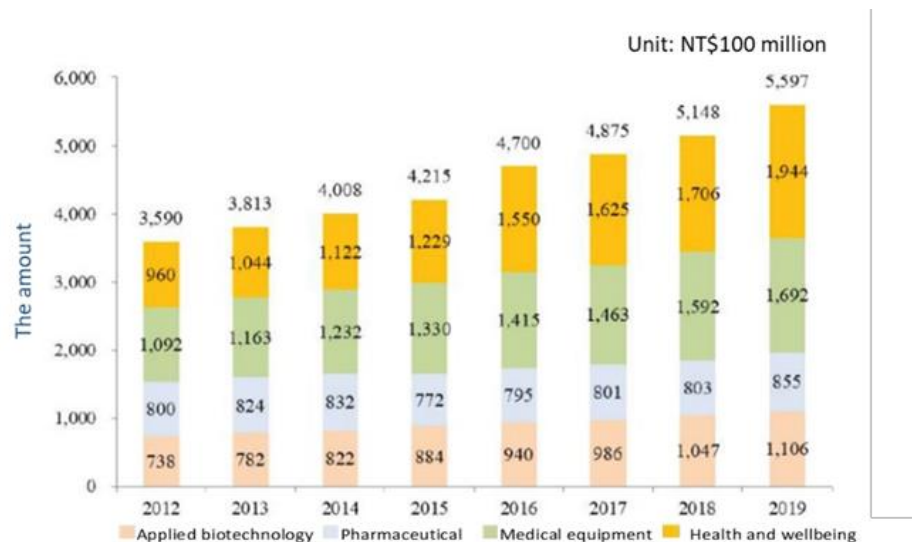


Figure 2-6 Turnover growth trend of my country's biotechnology industry

Source: Biotechnology and Pharmaceutical Industry Development Promotion Group, Ministry of Economic Affairs, Pharmaceutical Industry Technology Development Center, Industrial Technology Research Institute, Industrial Technology International Strategic Development Institute, 2020.

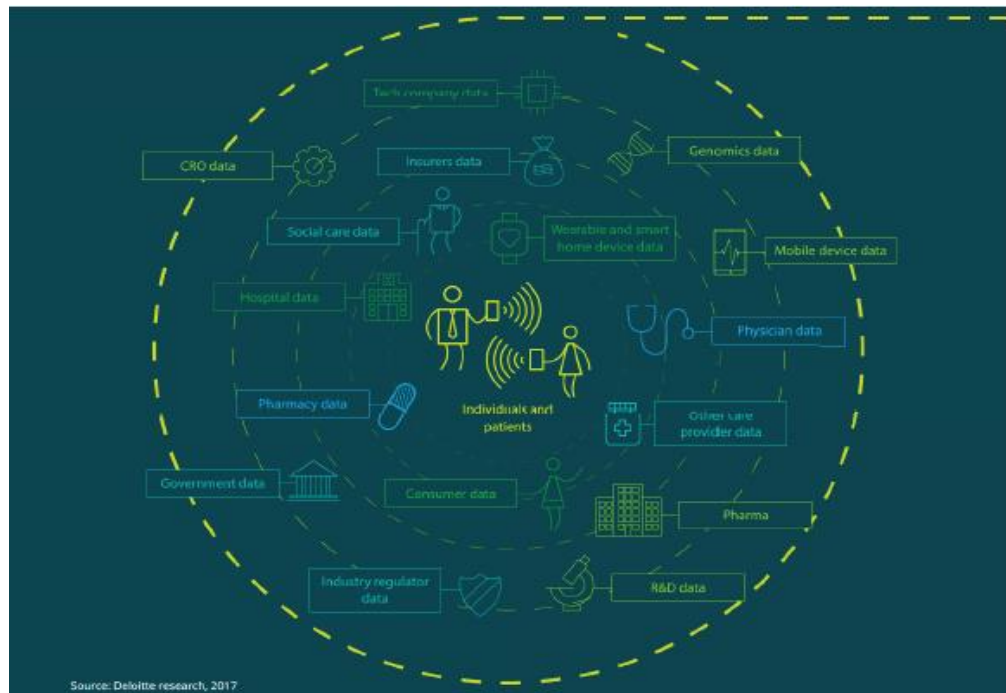
through wearable devices, genetic testing and other technologies. , can predict major diseases such as cancer and leukemia, and can also provide users with effective health management solutions. Connecting hospitals at all levels with the help of online consultation, telemedicine and other technologies can optimize the allocation of medical resources and help achieve hierarchical diagnosis and treatment.

Data mining through technologies such as gene sequencing and image recognition can shorten the clinical verification cycle and improve the efficiency of new drug research and development. Data is generating increasing application value in the medical field. At the technical level: through data analysis and Mining and a large amount of real-time monitoring can effectively support the construction of medical and health management systems; at the business level: data can provide clinical decision-making assistance to doctors

and provide statistics on patient behavior analysis for drug research and development. With the development of medical data and analysis methods and AI, with continuous innovation, more and more scenarios can accurately utilize medical data for analysis and prediction. Significant changes have taken place in the way people seek medical care, which has also brought new development opportunities to the medical field.

With the assistance of data, medical behavior will become more personalized, and the past model of "seeing a doctor" will gradually change to "being watched by a doctor." Wearable device assistance can help users collect and monitor their own status hourly. This data collection model has the characteristics of low cost, high efficiency, and available to almost everyone. In the field of medical entrepreneurship around the world, many high-tech products based on data applications and disease prevention have begun to appear, such as Anmol Madan. He and his team founded a company that focuses on predicting the occurrence of diseases of mobile phone owners through mobile phone data analysis. After collecting and analyzing more than 320,000 hours of data on the mobile phones of experimental participants, they can model the data on these mobile phones to predict colds, mental illnesses, etc. For example, when a person is depressed, the changes can usually be seen in communication with others, and these changes can be captured through daily mobile phone usage behavior. The test results indicate that the correct judgment can be 60% to 90%. People's daily physiological symptoms and breathing conditions are notified to the owner of the machine at the same time, and can also be sent to friends or family in the future.

Future data applications are more likely to provide more accurate and effective preventive medicine and precision medical behaviors through diverse cross-domain data collection, as shown in the figure below:



Source: Deloitte research, 2017

(3) Medical examination

With the rapid development of biotechnology, medical testing technology has evolved from early manual testing methods to today's automated analysis technology. The role of medical testing has gradually become more prominent in the medical team and has become an important basis for disease diagnosis and treatment. Domestic medical examination practitioner population has 196,700. Since then, the number of medical examiners has increased. The Department of Health of the Executive Yuan has stipulated that all those engaged in medical examination business should establish an association. The "Medical Examiner Certificate" was issued, and the Legislative Yuan also passed the "Medical Examiner Law" on the third reading, promoting medical examination to a professional skill that requires national recognition.²⁰⁰⁴ The development direction of the medical testing industry in 2018 will see an important watershed due to the implementation of the revision of testing benefit points and the second phase of adult preventive care. Currently, the number of clinical testing items that meet the National Health Insurance Medical Expenses Payment Standards reaches 450. Above, as medical technology continues to improve, many new testing items are constantly being researched and developed. In addition, in response to the continuous emergence of emerging infectious diseases and the

development of precision medicine in recent years, throughThe continued advancement of molecular testing technology and the promotion of the government's latest "Measures for the Administration of the Implementation or Use of Specific Medical Technology Inspection and Inspection of Medical Instruments" will change the requirements and levels of health care services by health authorities and people, from traditional disease treatment to From the care of sub-healthy groups to the preventive care of healthy groups, disease treatment has also been upgraded from symptomatic treatment to personalized medicine. This all relies on cross-industry cooperation to jointly develop genetic testing and precision medicine services.

(4) Medical equipment rental

According to the latest statistical data from the Statistics Division of the Ministry of Economic Affairs,¹¹²The total annual rental industry turnover was 179.66 billion yuan, an increase of 15.28 billion yuan from 2011 (145.26 billion yuan), with an annual growth rate of 9.3%. Among them, transportation equipment rental increased significantly by 14.02%, mainly due to the diversification of car rental companies (such as mobile rental, etc.), as well as the growth in demand for long-term corporate rentals and short-term travel (the new crown epidemic has affected the surge in domestic tourism). The personal and household products rental industry grew rapidly by 12.29%. This was also due to the impact of the epidemic, which led to a substantial growth in the rental of outdoor sports, stationary audio guide equipment and entertainment activities (such as banquets, dining parties, etc.). The machinery and equipment rental industry decreased by 2.98%. Overall, the global economy has stagnated slightly, affected by weak global terminal demand and inventory depletion in the industrial chain. In addition, geopolitical wars such as Russia-Ukraine and the Middle East have led to a decline in exports. The leasing industry mostly adopts financing leasing. The leasing company purchases the equipment and equipment required by the lessee enterprise and then leases them to the lessee. It collects the purchase funds and interest in installments and provides the lessee with priority when the lease expires. selection of the asset. The company's rental revenue status, the annual rental revenue in 2010 increased by 12.77% compared with that in 2016. The full-year rental revenue in 2010 increased by 1.49% compared

with that in 2017, while the full-year rental revenue in 2010 decreased by 9.7% compared with that in 2018 due to the impact of the epidemic and increased equipment maintenance. Including the department's other specialty operations (ophthalmology and weight loss), although the ophthalmology department increased significantly by 74.4% in 109 compared with 108, the weight loss business was affected by the shortage of original consumables and production suspension due to the epidemic. The total revenue of the department in 109 was compared with 108. An annual decrease of 11.71%. Total department revenue in 2010 decreased compared with 20102.55%, mainly due to the 2-month suspension of ophthalmology services due to the epidemic and the transfer of weight loss consumables to the management of the pharmaceutical circulation department. The total revenue of the department in 2011 decreased by 26.09% compared with that in 2010, mainly due to the resale of the leased assets in the Tzu Chi system inspection equipment leasing case. The total revenue of the department in 2012 increased by 2.61% compared with 2011, mainly due to the 29.3% increase in ophthalmology specialty operating income. Excluding regional geopolitics and war factors, the leasing business plays an increasingly important role in domestic economic development. Affected by the COVID-19 epidemic, the leasing industry model has shown its flexibility and elasticity in corporate operations, such as the leasing of transportation equipment, personal and household items. The growth of the industry shows the accelerated development trend of the stay-at-home economy. Due to the progress of the times, new and more advanced medical equipment are constantly being introduced. In addition, the medical equipment currently used in medical hospitals continues to enter the replacement period. In addition, various personnel costs and rising prices have made hospitals. In contrast, working capital must be used effectively. Therefore, through the flexible model of medical equipment leasing, it is expected that medical institutions at all levels can reduce one-time capital expenditures, maintain good operations, improve medical quality, operate sustainably, and create medical services. A win-win situation for the people, medical institutions and the rental service industry.

(5) Dialysis business

The company's dialysis business has shifted from independent operation to

a cooperative operation model, mainly providing logistics services such as dialysis center equipment rental and sanitary consumables. Divert operating working capital to build an overall health ecosystem and smart medical services.

1. Interconnection among upstream, midstream and downstream industries:

The triangular relationship formed by the company, pharmaceutical companies and logistics companies is Shenghong's cooperation model with upstream industries. It is also the innovation trend of the domestic pharmaceutical industry, which has caused huge changes in the supply and demand ecology of the pharmaceutical procurement supply chain. Under this new triangular relationship, the object of drug unit price negotiation is still the pharmaceutical manufacturer, but the object of payment has changed to the logistics provider; that is, multiple pharmaceutical manufacturers (Especially international pharmaceutical companies) The risk of inventory pressure and accounts receivable is transferred to the cooperative logistics provider. Therefore, the role of the logistics provider is no longer just entrusted by the pharmaceutical factory to distribute drugs, but also a distributor who directly deals with the company and enters into a contract. The company and downstream industries use "innovative medical integration services" as a mutual cooperation model, using high-quality medical professional capabilities, combined with joint procurement and resource integration methods, to effectively integrate existing channels to achieve optimal cost management to meet the needs of Client for medicines, Product demand and quality management of instruments and equipment, and providing professional health examination and medical examination management consulting and entrusted operation services.

upstream	midstream	downstream
Medical instrument and equipment supplier pharmaceutical suppliers Hygiene Materials Supplier Logistics providers	Healthcare Management Consulting Company Medical Technology Services Company Pharmaceutical Joint Procurement Center	medical institution Chain pharmacies healthcare system

Source: Organized by our company

2. Various product development trends

(1) Supply of medicinal materials

Today's medical institutions and pharmacies, in addition to facing the financial pressure caused by the health insurance system, must also take into account the quality of medical services. Among them, the procurement cost and supply quality of medical necessities such as drugs and sanitary materials are even more important to medical institutions. The key to the operation of all pharmacies involved. Medical institutions and pharmacy channels have begun to pay attention to the needs of logistics management, that is, they have begun to use system tools such as joint procurement and pharmaceutical logistics to effectively reduce procurement costs and take into account supply quality. In order to achieve the goal, the following development conditions and priorities must be met:

A. A joint procurement platform with collective scale

B. Fast, real-time, professional and safe pharmaceutical logistics system and supply chain information system

C. Professional medical team know-how support

In view of the continuous growth of the global and Taiwanese drug markets in recent years, and the pharmacy channel being one of the main growth drivers, the strategic cooperation model with community pharmacies is also the focus of continued development.

(2) Entrusted health management

A. health check

With the advent of the global aging era, both the government and individuals are paying more and more attention to health examinations, and the requirements for health examinations have also increased significantly. Health examinations have gradually transformed from simple medical examinations and examinations to so-called "Health Management" service. According to estimates from the Bureau of Industry, Taiwan's health care industry will grow from 2005. Starting from the year, the investment amount within seven years can be up to 3,500 billion. Taiwan's health care has been listed by the Executive Yuan as 2015 One of the four emerging industries in the 2016 economic development vision, its annual growth rate is expected to reach 17%. The services of the health management center are no longer limited to health examinations, but also include post-examination medical treatment and care, follow-up, health consultation and disease risk assessment and other

services. In addition, for the sub-healthy group, it also plays the role of assistance and guidance to gradually improve and prevent the occurrence of diseases in life, and also promotes preventive medicine with "disease prevention" as the core concept. The purpose of health examination is to obtain the health information of the subject, detect latent or progressive diseases early, provide timely correction and treatment, and successfully achieve the effect of "early detection, early treatment". Nowadays, Taiwan's health management market is very competitive. Various demands include diversified operating methods such as combining mind-body and soul therapy, healthy food, tourism and leisure, so that medical treatment is no longer just medical treatment, but also incorporates many life-related factors, hoping to attract more attention to health. ethnic group.

In order to make health services more complete, genetic testing should be included as a part of overall health. Therefore, our company is the first stop for the medical industry and health protection. Its main services are "genetic testing" and sales of preventive health food. On the premise that prevention is more important than treatment, we provide the public with diversified new health choices.

In January 2015, U.S. President Obama announced that that year was the first year of "precision medicine," and the trend for genetic testing began to increase. The United States plans to collect genetic data from one million people, and the United Kingdom has also announced an investment of US\$500 million. It is hoped that 100,000 people will complete complete genome sequencing (gene decoding) by 17 years. Illumina, the world's largest maker of genetic sequencing instruments, estimated that the genetic testing market would reach US\$20 billion (approximately NT\$650 billion) as early as 14 years ago.

What is genetic testing? Simply put, it is a health check of human genes to see if genes are mutated, whether the unborn baby carries genetic genes for major rare diseases, or before cancer treatment, to see if the patient carries specific genes in order to decide on a treatment plan. .

In addition, countries from the United Kingdom and the United States are

actively investing in gene sequencing, driven by national policies. By collecting personal samples, they are building a human biological database, hoping to find out the relationship between specific genes and diseases, making gene sequencing a stable and reliable tool. Huge market.

With the advancement of gene sequencing technology, the price of a gene sequencing in 2009 has dropped to US\$100,000, which has dropped to US\$1,000 in 2014. The significant reduction in investment costs has made it possible to sequence a large number of genes. The latest gene sequencing technology is called next-generation sequencing (NGS). A report by Grand View Research (Trend Research), an American business consulting company that specializes in market research, believes that the next-generation sequencing market has considerable development potential, reaching approximately 20% in 14 years. The market size of one billion US dollars can rapidly grow to 30 billion US dollars by 2022. As for the genetic testing industry market, it is even more explosive. According to the analysis of the Illumina report, the current largest segment of the global genetic testing market is cancer testing, accounting for 50%, followed by scientific research services accounting for 25%, prenatal testing accounting for approximately 10% to 15%, and infectious diseases accounting for 5% to 10%.

Integrating the precision medicine industry policies and development of major countries, in addition to the patient genetic database established with government support, through cooperation with private companies, different databases are connected and the application of data is strengthened to accelerate industry development. . In the direction of industrial application, countries are also conducting in-depth research and development on specific diseases or ethnic groups, and focusing resources on the country's key development directions. Although my country has established databases, it lacks actual industrial applications. In the future, databases should be operated from the perspective of industrial utilization to enhance the value of the database and accelerate the development of the industry. In terms of industrial application, we can focus on Asian patients and launch new relevant medical guidelines to achieve a leading position in global precision medicine. For example, my country has profound clinical experience and research energy in women's cancer, combined with immune Treatment or the development of detection equipment combined with Taiwan's optoelectronic capabilities can

become a unique development field for my country's precision medicine industry and can also bring new opportunities and development possibilities.

B. Medical testing

Whether it is obtained ISO Quality certification or the formulation of inspection management methods and the management of medical testing centers have become the focus of the testing community in recent years. The main goal is to enable medical testing centers to achieve standardized, standardized, and international quality management. Additionally, building a complete LIS and HIS The system is an important link in giving full play to the advantages of automation of inspection equipment. The optimized information management system can ensure the accuracy of inspection information, avoid human data processing errors, and can quickly return inspection results. The selection and maintenance of inspection instruments and reagents require the establishment of a set of rigorous specifications to ensure the accuracy of inspection data. The management of the inspection process requires not only the efforts of medical inspection personnel, but also the cooperation and support of clinical medical staff and instrument manufacturers to ensure that all links can run smoothly. In recent years, when hospital operators are faced with health insurance dilemmas, medical testing laboratories have switched to single-supplier services. This allows hospitals to quickly acquire professional skills and resources, continuously improve quality, and enhance customer satisfaction, while also reducing operating costs by as much as A win-win. In addition, under the total payment, based on cost-effectiveness and without involving any legal issues, if the medical business of a certain department of the hospital is entrusted to a professional organization to operate and manage, the partners will be responsible for their own profits and losses, ensuring the hospital's best profits and not being subject to business The impact of declining hospital volume can significantly reduce operating pressure for hospital operators. Therefore, it has become a trend for domestic medical testing services to be entrusted to a single supplier, such as the five hospitals in the Central District Alliance led by the Ministry of Health and Welfare Taoyuan Hospital, Fu Jen Catholic University Hospital, and the Ministry of Taichung Hospital, and Tzu Chi Hospital seven hospitals in the province , are all successful cases.

(3) Equipment rental

As domestic medical institutions increasingly accept the asset leasing method, leasing operators have also expanded their business scale and provided more diversified services. The demand for medical instruments and equipment in medical institutions is increasing year by year. The medical leasing items provided by leasing operators are becoming more and more extensive, and related services are becoming more comprehensive and complete. In order to continuously enhance the market competitiveness of medical equipment leasing and effectively meet customer needs, we have begun and are committed to continuing to develop towards several key goals:

- A. Expand business scale and expand new leasing categories, such as Assist primary clinics with equipment leasing and leasing business consultation, and provide equipment leasing and other professional medical equipment service providers. To provide more diversified and comprehensive leasing services, including project planning services, professional Dispatching professional and technical personnel for business operations and assisting in management.
- B. The establishment of professional training venues increases the quality of various professional manpower, strengthens industry cooperation, and can support and dispatch medical institutions at any time to expand the company's niche.
- C. Strengthen the education and training of professional talents, actively cultivate talents with both medical business management and leasing expertise, and be able to implement project planning. Form an alliance with original factory professional technicians or professional technicians in the industry to cooperate in developing the repair market.
- D. Carry out professional cooperation with medical institutions to provide high-end and high unit price equipment for joint professional operation. For example, it has cooperated with the Ophthalmology Department of Min Sing General Hospital since September 2014 to provide the latest generation of femtosecond cataract and laser correction series equipment, so that people in need can obtain faster, safer and more precise medical equipment to treat eye diseases. Improve service standards and patient satisfaction. According to statistics, from 2010 to 2012, the total number of white Excellent swordsmanship 5,954 cases, including femtosecond laser intrauterine Obstacle surgery 974 cases, accounting for 16.36% of the total number of surgeries, benefiting many medical treatment villages dear.

(4) Dialysis business

In response to the improvement in the effectiveness of drugs for treating kidney

diseases and effectively delaying the decline of kidney function, the dialysis business has been transformed into providing logistics cooperation for dialysis centers, such as equipment rental and supply of sanitary consumables.

3. Product competition situation

(1) Supply of medicinal materials

A. Competitors

At present, there are only a few peers in the market that engage in pharmaceutical joint procurement. The main reason is that there are not enough medical institution customers to base the scale of joint procurement.

B. potential entrant

Although large medical institutions such as medical centers are large in scale, they are more difficult to enter the formal commercial transaction market because most of them are public or consortium legal persons rather than corporate business models.

C. supplier

In addition to the advantages of collective bargaining, joint procurement also has the right to choose leading brand products in the future.

D. buyer

In particular, the procurement needs of small and medium-sized medical institutions and pharmacies mainly focus on the joint procurement platform, which hopes to reduce costs.

Book.

E. substitute goods

Generally, large distribution and logistics companies supply limited distribution items, which cannot fully meet the needs of medical institutions and pharmacies.

(2) Entrusted health management

A. health check

a. Competitors

Although hospitals that operate health examinations independently have set up their own health examination systems and marketing channels in accordance with regulations, most of them passively accept customers and are less competitive in terms of product prices and customer services. As for

other hospitals that entrust their health examination business to physical examination contractors, they mostly adopt the outsourcing cooperation model. The hospital itself only collects royalties and does not control the content and quality of physical examinations. As a result, outsourced medical examination teams have developed bad habits such as price-cutting competition, cutting corners, and wandering around the edges of the law. When hospitals are decertified from medical examinations, these medical examination contractors only need to start over again without any responsibility, which has a huge impact on the low-price market.

b.potential entrant

Small hospitals or clinics are limited by insufficient equipment, resources, laws, and qualifications. They can provide fewer services and pose a low competitive threat to the company. As for large hospitals such as medical centers, they are currently actively developing health examination services. Taking advantage of the brand advantages of medical centers, they can gain more public recognition.

c.supplier

Based on the strategy of continuous expansion of bases, current suppliers can match the company's development direction and provide relevant inspection equipment or services.

d.buyer

Purchasers of our company's health check-up services are divided into two categories: groups and individuals. The group part includes foreign workers and domestic workers. Foreign workers use foreign labor agencies as their channel, while our company provides two service methods: in-hospital and itinerant physical examinations for domestic workers. As for individual buyers, our company provides customized health check-up services based on customer needs.

e.substitute goods

The chance that the health examination service process provided by our company will be replaced by other products is relatively low, but the examination items may be replaced, such as some high-end imaging examinations (MRI,64cutCT,PET-CTetc.) may crowd out funding for general inspections. However, the investment cost of high-end imaging examinations is relatively high, and coupled with the restrictions on introduction conditions, it is still unable to replace the current health examination services.

B. Medical testing

a. Competitors

They mainly compete with third-party laboratories, all of which have unique expertise and develop independently. At present, some suppliers are taking advantage of their product agency resources and political and business relationships to quickly gain market share. This is a force that cannot be ignored.

b. potential entrant

Currently, the field of biotechnology is booming, and other non-medical testing biological laboratories are actively planning to enter the clinical medical testing market.

c. supplier

There are currently many brands of testing reagents supplied on the market, but there are still slight differences in quality, service and price. Our company has a number of supervisors with both professional and operational management experience who can assist customers in communicating with suppliers and choosing the best combination. Instrument and reagent matching.

d. buyer

Direct purchasers of clinical examinations include doctors and subjects, and indirect purchasers include subjects through health examination services. Therefore, newly developed and effective examination items and services must be continuously provided to satisfy all buyers at different levels. needs.

e. substitute goods

At present, medical testing is developing in two polarizations, namely small-volume and rapid point-of-care testing (POCT) services and low-cost, large-scale batch operations. The chance of testing services being replaced by other alternative products is low, but we must seize the opportunity. The opportunity for change is not only to master (POCT) services and inspection batch operations at the same time, but also to develop special and high-end inspection technologies (such as trace element detection technology and molecular inspection technology).

(3) Equipment rental

Large-scale leasing companies mostly develop on the background of financial holding companies, use capital lending as their operating method, and

their leasing projects include factory equipment, aviation equipment, general automobiles, etc. However, there are not many professional operators that mainly lease medical instruments and equipment. Although ORIX, Chailease, and Taiwan Life Insurance are currently on the market with larger scales, the leasing projects of these three operators are complex. It is not specialized in leasing medical equipment and lacks professional medical equipment integration services. The company's specialty services department integrates various medical instrument and equipment manufacturers and connects various medical institutions to form a procurement economy of scale model and create bargaining advantages. The company's financial operations are sound and its relationship with its counterparty bank is good enough to provide leasing of various terms or types. In addition, to meet the needs of medical institutions, we not only provide instruments and equipment, but also have the support of original service providers to provide the most complete maintenance services to ensure that the medical equipment rented by customers can be used accurately and normally. In addition, our company can also provide project planning for the medical needs of medical institutions. From site design to operational practice to management advice, we have a professional service team.

(4)Dialysis business

The dialysis business was transformed into a supplier model, including medicines, sanitary consumables and equipment. Continue to integrate the upstream and downstream of the dialysis industry chain, provide more competitive products, and expand cooperationScope.

(three)Technology and R&D Overview

The company's industry is medical logistics services, and its main focus is the expansion of business and channels. It is not a company oriented towards R&D plans., so there are no future research and development plans.

(Four)Long and short term business development plans

1. Short-term plan:

- (1) Strategic alliances with medical institutions with purchasing scale will advance the pharmaceutical joint procurement structure to a larger scale, and also expand the scope of pharmaceutical supply services to provide customers with more product needs.

- (2) Cooperate with the clinic pharmacy to build a pharmaceutical procurement platform and further obtain procurement authorization based on the platform's pharmaceutical supply.
- (3) Actively develop the health clinic market in the greater Taipei area.
- (4) Combine external resources to establish on-site physical examination bases in the Hsinchu area.
- (5) Actively strive for the outsourcing business of health examinations for hospitals in central China and expand the scope of Shenghong's health management services to the greater Taichung market.
- (6) Actively develop the medical manpower dispatch market in northern Taiwan and develop diversified health promotion activities.
- (7) Plan and build a physical examination space in the hospital to serve corporate employees who need physical examination services in the hospital.
- (8) Develop management consulting and single-supplier services for medical laboratories.
- (9) Integrate original manufacturers of testing instruments, reagents, and consumables to provide customers with competitive, high-quality testing products.
- (10) Integrate community medical resources and expand the field of medical equipment rental services in Tao, Bamboo and Miao areas.
- (11) Education and training project labor entrustment service business and other supporting services.
- (12) Deepen the intensity of hospital management and recommend key operational directions.
- (13) Assist the development of system hemodialysis and peritoneal dialysis business.

2. Long-term plan:

- (1) Develop clinical trials in the field of biotechnology.
- (2) Actively develop health inspection and inspection management consulting and entrusted operation services in southern Taiwan.
- (3) Develop precision medical genetic testing and provide customers with personalized precision health examination services.
- (4) Recruiting pharmaceutical joint procurement customers will create a more powerful joint procurement platform and provide customers with new value in

pharmaceutical supply.

- (5) Operate private brand drugs, sanitary materials, health products, and cosmeceuticals to develop market niches.
- (6) Expand equipment leasing and joint procurement items, build an information-based second-hand instrument platform, and develop professional operations.
- (7) Go west to the mainland and introduce Taiwan's practical experience in medical management into the mainland market.
- (8) Enhance the image of the system's health undertakings.
- (9) Each service base should have a centralized procurement or upstream and downstream integration mechanism in the industry chain to reduce costs.

5.2 Market and production and sales overview

(1) Market analysis

1. Sales (provision) areas of the company's main products (services)

Unit: Thousands of New Taiwan Dollars

Project \ year	111Year		112Year	
	Amount	%	Amount	%
Domestic sales	4,087,743	98.81	3,834,956	99.01
Export sales	49,389	1.19	38,428	0.99
total	4,137,132	100	3,873,384	100

2. market share

- (1) The current main service areas of the Pharmaceutical Distribution Department are the Taoyuan area, Zhu, Miao and the greater Taipei area. The customer groups are mainly regional hospitals, district hospitals, primary care clinics and pharmacies. The total annual turnover is approximately NT\$15.4 billion. According to statistics from my country's biotech industry operating status table, 2020 The total amount of drugs and medical materials in 2022 was NT\$290 billion, accounting for 0.53% of the total market in Taiwan. %.
- (2) The total turnover of the health checkup market in Taiwan is estimated to be NT\$4.6 billion. The total turnover of the medical health checkup management or entrusted operation services provided by our company is approximately NT\$620 million, accounting for approximately NT\$620 million in the health checkup market in Taiwan. 13.5%.
- (3) Although medical institutions in Taiwan are currently gradually switching to leasing for the preparation of medical instruments and equipment, there are still many medical institutions that purchase them directly or obtain financing from banks. The current medical equipment leasing market is concentrated on four major leasing companies: ORIX, Chailease, Chengye and Taiwan Life Insurance. The company has successfully expanded the dialysis equipment project leasing cooperation model in 2013. In 2010, the number of beds was expanded to 17% of the original size. In 2010, the number of beds was expanded to 25% of the original size. In 2010, it is expected to expand by another 24% on the original

basis. , continue to increase the supply of equipment and sanitary consumables. In March 2010, we expanded the capacity by another 3% to provide more equipment rental and support management services.

- (4) According to the statistics of the number of outpatient and emergency room admissions due to nephritis, nephrotic syndrome, and nephropathy in various counties and cities in 2015 from the Statistics Office of the Ministry of Health and Welfare, in Taoyuan City, the number of outpatient emergency room admissions was 50,459, and the mid-year population was 2,124,339, with an average The medical treatment rate of 23.75 (per thousand per thousand) ranks 14th among counties and cities in Taiwan, and Medicare's medical expenses for renal failure top the list of all diseases every year, and the growth trend in the number of patients and medical expenses has not changed over the years, and according to According to the 2017 Kidney Disease Annual Report, The current prevalence rate of end-stage renal disease in Taiwan is 3,317 people per million people., the incidence rate was 311 people.

3.The future supply and demand situation and growth of the market

(1)Supply of medicinal materials

The main customers of pharmaceutical joint procurement services are small and medium-sized medical institutions and pharmacies. In today's health care environment, the entire pharmaceutical supply industry must undergo structural changes. Through the joint procurement structure, not only can the quality of supply be stably ensured, , which can enable small and medium-sized medical institutions and pharmacies to obtain lower procurement costs. Looking at the domestic pharmaceutical service industry, there is no model that can provide customers such as medical institutions with complete product supply and warehousing and management services like our company. At present, there are very few pharmaceutical companies in the market that can meet the needs of single-point purchasing of medical institutions with full supply of products. Our company takes advantage of the existing joint procurement advantages, combines pharmaceutical expertise with procurement advantages and diversified new services to actively seize the opportunity. Market share enables

customers to establish loyalty and dependence on the products and services provided by the company as early as possible. Even if more competitors join the market in the future, it will be difficult to break into this complete service network. The value of pharmaceutical joint procurement services lies in the establishment of product and service channels, which will help the company develop new products and various services in the future.

(2) Health management

With the improvement of knowledge level and the development of medical information, "health management" has become mainstream. The number of Chinese people who attach great importance to health check-ups is rising rapidly. Taiwan's health check-up market continues to grow every year. Currently, about 200 The business opportunities are huge, and various types of medical institutions and health examination centers have also spotted this market and begun to launch a variety of health examination services. Recently, chain health examination centers have expanded their business to mainland China, which has not only led to the other side's emphasis on health management, but has also successfully captured the market and achieved great results. But overall, larger health screening business opportunities will definitely arise in the future. This phenomenon has also attracted the attention of many technology industries or consortiums, which have invested in health check-up businesses, demonstrating their strong ambition to attack the health management and care market.

(3) Equipment rental

FollowAs the population ages, humans become more dependent on medical needs, and medical institutions' demand for instruments will continue to increase. Especially with the development of AI artificial intelligence, the interaction and dependence between doctors and patients on medical equipment will further increase, and the rental of instruments and equipment will continue to increase. The advantages, whether it is tax management, financial planning or avoiding equipment obsolescence, accelerating the replacement of equipment and maintaining professional advantages, are all foreseeable benefits. In recent years, more and more hospitals and even clinics or home care institutions have chosen to cooperate with medical equipment leasing companies instead of direct

procurement or bank financing, increasing the utilization and circulation rate of medical equipment, giving the medical equipment leasing market potential for development. . Cooperating with the company's logistics channel expansion, it can also create more leasing opportunities. The health industry has shifted from being centered on disease treatment to centered on people's health. The deep integration of big data and artificial intelligence into all aspects of the development of the pharmaceutical industry has become a battleground for military strategists. Currently, there is a general and continuing shortage of medical manpower around the world, and the use of equipment (such as Wearable health monitoring equipment, etc.) and technology-assisted medical care are also future trends. The company continues to develop and integrate the comprehensive health ecosystem model, strengthen upstream and downstream integrated support and comprehensive progress, and seek further development breakthroughs.

4. Competitive niche

"Providing innovative medical integrated services" is Shenghong's operating model. It is the first medical logistics service integration platform. With its rich medical experience and medical professional capabilities, it introduces flexible enterprise management, effectively integrates existing channels, and actively develops potential markets. , to create the best profits and value. In addition to providing professional management consulting and entrusted operation services for health examinations and medical examinations, we also use joint procurement, information integration, and channel management methods to provide optimal cost management to meet the needs of clients for drugs, health materials, and equipment. With product demand and quality management, we hope to take the lead in becoming a leading brand in the national pharmaceutical service channel.

In terms of supply of medicinal materials, we use customers such as existing medical institutions and chain pharmacies as the basis for joint procurement scale, and expand pharmaceutical chain channels outwards, with excellent supply chain management, procurement cost advantages, and appropriate market integration. mechanism to form sufficient conditions for integrated joint procurement, create a new model of profit sharing, and establish private brand products to further increase the company's profits. In addition, the joint procurement platform has first-mover

advantages. Once a joint procurement cooperation model is established with customers, customers must bear considerable switching costs when switching to other competitors in the future. Therefore, Jianquan's joint procurement platform also has the ability to strengthen customer loyalty and Advantages of dependency. In terms of management consulting and single-supplier services for health examinations and medical examinations, we have used our rich experience to develop mature medical examination technology and professional management methods, and successfully coached the execution units of medical institutions to expand business and improve service quality. , in addition to winning multiple quality certifications, it has also gained recognition and trust from customers. In terms of medical and nursing manpower support, we use the medical and nursing manpower of the medical system as a strong backing and pay equal attention to quality. We not only have a rich talent pool with a complete range of disciplines, but also continue to improve the quality of talents through professional training and provide clients with the highest quality medical professional dispatch. cum management services. In terms of equipment leasing, professional medical management, medical equipment background and medical engineering expertise serve as the best resources and advantages for purchasing medical equipment. In addition, the integration of instruments and equipment can achieve the best utilization rate, avoid waste in medical equipment procurement, and provide the added value of follow-up maintenance services, which has become a favorable condition for expanding the joint procurement channel. Then, with professional services, we integrate medical equipment leasing and professional manpower dispatch, and then carry out specialized operations; not only do we manage the logistics services of medical institutions well, but we can also participate in assisting the operation of medical institutions and increase the company's revenue. In terms of hospital management, we use the medical management, medical, and nursing manpower of the medical system as strong backing, and pay equal attention to quality. We not only have a rich talent pool with a complete range of disciplines, but also continue to improve the quality of talents with professional training to provide clients with the best quality. Medical professional dispatch and management services.

In terms of dialysis business, we combine the system's strong advantages in medical distribution, equipment leasing, information technology and hospital access to provide high-quality and safe medical logistics support for dialysis centers.

5. Advantages and disadvantages of development prospects and countermeasures

(1) Favorable factors for development prospects:

A.Today's health insurance policies have put medical institutions under pressure from downward adjustments in total health insurance payments and drug prices, making cost control a top priority. Establishing an integrated joint procurement mechanism to effectively reduce the procurement costs of medical drugs, consumables and equipment is in line with market demand. In addition, the single-point purchase business philosophy provides medical institutions with fast and convenient medical integration services, which will bring more stable and huge business income to the company.

B.The company has solid existing channels and loyal customer base, forming the basic scale of joint procurement. In the future, whether it is the integration of upstream and downstream or the development of its own brand products, it has laid a basic customer base and established a smooth operating channel. In the operating network With the advantage of increasingly complete roads, we can effectively expand our business and create revenue.

C.Located in the center of northern Taiwan, reaching Taipei City, the headquarters of the top 100 companies in the north, and Hsinchu Science Park, the hinterland of OTC-listed technology factories, in the south, it has an excellent geographical location for the development of domestic health inspection, inspection and medical manpower dispatch business. . On the international front, our company is located at the gateway to the country and is close to Taoyuan International Airport. In the future, regardless of the cross-strait three links or international routes, we will have a great advantage.

(2) Unfavorable factors and countermeasures for development prospects:

A.Changes in drug and health insurance prices and related subsidy policies affect the company's profits

The price of health insurance drugs is adjusted every year. After the price adjustment of health insurance drugs, the original contract customers will also ask the company to adjust the selling price to reduce the hospital's losses, which will affect the company's profits.

Countermeasures:

When the price of health insurance drugs is adjusted, we will immediately renegotiate the supply price with the supplier for the items for which the drug price is adjusted to reduce the impact of the drug price adjustment. In addition, the impact of health insurance drug price adjustments is shared by hospitals and suppliers. Since hospitals usually have weaker bargaining power than our company, especially small and medium-sized hospitals with small market sizes, hospitals lack effective bargaining power and will seek joint procurement from outside parties. channel, so when the price of health insurance drugs is adjusted, the company will provide custody services for the pharmaceutical departments of medical institutions to expand bidding capabilities.

B. There are many agent brands and fierce price-cutting competition.

Taiwan's biotechnology industry is developed, and there are many foreign agent brands and the pharmaceutical market is mature, leading to a vicious cycle of price-cutting competition for pharmaceutical-related products. In addition, although the scale of joint procurement is gradually expanding, it is also facing pressure from customers to reduce prices.

Countermeasures:

Through market price information, we strive to achieve economies of scale to obtain the lowest supply price. Obtain sufficient and reasonably priced supply through upward integration. The goal is to provide customers with good inventory and warehousing management and zero inventory, to help customers reduce the inventory of medicines and health materials to a minimum and enhance competitiveness.

C. Changes in national health examination laws and restrictions on health insurance benefits often affect company policies and operations, resulting in lower profits.

On the pharmaceutical side, in addition to the pressure of falling client prices,

the demand side also faces the investment of potential competitors, which may lead to price-cutting competition and the loss of customers. On the supply side, some manufacturers are unwilling to cooperate with the joint procurement platform, and some items may not be available. Willing to reduce the price or supply to the company. As the company's joint procurement platform develops, manufacturers may have worse profits, so some manufacturers cannot agree to the company's bargaining conditions.

In terms of health examinations, due to the total amount of health insurance control, hospitals of all sizes are participating in the competition for self-paid health examinations, and the competitive business environment has become more severe. In addition, changes in regulations regarding the departure of companies and physical examinations for foreign workers in Taiwan have resulted in a slowdown in the growth of legal physical examinations for companies and foreign workers.

In terms of medical equipment leasing, we are facing pressure from clients to lower leasing interest requirements, or the leasing equipment has expired or the equipment has not been renewed, resulting in an increase in costs.

Countermeasures:

In the field of medicine, a regional integration mechanism is established to achieve joint procurement economies of scale, allowing the company to maintain a favorable negotiating position on both the supply side and the demand side in order to strive for higher profits.

In terms of health examinations, we seek to merge health examination teams through franchising, strategic alliances or external efforts.(company)Expand customer sources, expand market share, adopt quantity-based pricing, respond to changes in government health inspection regulations, and assist large companies to jointly set up clinics, recruit sufficient professional nursing manpower, and establish employee stock subscription and training systems. Establish a talent pool for health inspection management to further consolidate the territory of corporate health inspection.

In terms of medical equipment leasing, we are guided by the professional needs of customers for medical equipment and strengthen professional medical and engineering services, which not only reduces customers' operating costs, but

also provides professional evaluation. We also continue to plan and build an e-commerce platform for medical equipment, conduct leasing and sales of second-hand equipment, improve circulation rates, and reduce inventory backlog. In addition, through mergers and acquisitions of dealers or agents, we can acquire exclusive rights and technologies such as original equipment sales and maintenance to expand market share.

D.Potential competitors enter the market

The company's business model becomes more transparent after being listed on the OTC market, which can easily cause potential competitors to imitate and enter the market, creating competition for the company's operations.

Countermeasures:

Actively seize the market share of joint procurement, give full play to the advantages of first movers, strengthen connections and services with clients, and become an important partner of hospitals to form entry barriers for competitors, increase competitors' entry thresholds and customer switching costs.

(2) Important uses and production processes of main products

Main products	important uses
Supply of medicinal materials	Joint procurement of pharmaceuticals, warehousing and logistics management, professional consulting services, agency distribution of health care products
Entrusted health management	Medical laboratory and medical health examination management consulting and entrusted operation, workplace health management and planning.
Equipment rental	Medical equipment leasing, medical equipment joint procurement, medical professional services, specialist business cooperation services

*Our company is not a manufacturing company, so there are no industrial system-related issues.

(3) Supply status of main raw materials

main ingredient	main suppliers	Availability
Medicinal materials	Zuellig Co., Ltd., Taiwan DKSH Co., Ltd., Jiuyu Enterprise Co., Ltd., Yongxin Pharmaceutical Industry Co., Ltd., Jikang International Co., Ltd., Vision Optical Co., Ltd., Xindong Biotechnology Co., Ltd., Taiwan Toyo Pharmaceutical Industrial Co., Ltd., Youhua Biotech and Pharmaceutical Co., Ltd., Jordon Biotechnology Co., Ltd.	good

(4) Explanation of significant changes in gross profit margin of major product categories or departments in the last two years

Unit: %

Main product categories \ year	111year Gross profit margin	112year Gross profit margin	Increase or decrease
Supply of medicines, medical materials and scientific and technological materials	14.02	13.01	-7.20%
Health and medical management	53.13	42.13	-20.70%
Equipment rental services	34.23	27.05	-20.98%
Description of major changes	Health and medical management: Mainly due to the impact of the Covid19 epidemic in 111, the testing PCR business increased significantly, and the gross profit margin increased, returning to the pre-epidemic level compared with 112.		

(5)List of major purchasing and selling customers

1.Accounted for 10% of total purchases in any of the last two yearsThe above supplier names, purchase amounts, proportions and reasons for changes:

Unit: Thousands of New Taiwan Dollars

	111Year				112Year				113Year ended in the previous quarterend			
Pr oj ec t	Nam e	Amount	Ratio of net purchase s for the year [%]	Relat ionsh ip with the issue r	Name	Amount	Ratio of net purchase s for the year [%]	Relat ionsh ip with the issue r	Nam e	Amount	Ratio of net purchases of the current year as of the previous quarter [%]	Rela tions hip with the issue r
1	Yuli	637,961	25.96	witho ut	Yuli	642,467	25.03	witho ut	Yuli	167,856	25.11	with out
2	other	1,819,986	74.04		other	1,924,032	74.97		othe r	500,548	74.89	
	Net purch ase amou nt	2,457,947	100.00		Net purch ase amou nt	2,566,499	100.00		Net purch ase amou nt	668,404	100.00	

Reasons for the increase or decrease: Due to the growth of the sales business of pharmaceutical and sanitary materials, the relative purchase amount also increased.

2.Has accounted for total sales in any of the last two years10%The above customer names, sales amounts, proportions and reasons for changes:

Unit: Thousands of New Taiwan Dollars

	111Year				112Year				113Year ended in the previous quarter			
Pr oj ec t	Nam e	Amount	Ratio of annual net sales [%]	Relat ionsh ip with the issue r	Nam e	Amount	Ratio of annual net sales [%]	Relat ionsh ip with the issue r	Nam e	Amount	Ratio of annual net sales [%]	Relat ionsh ip with the issue r
1	Min Sing Gen eral Hos pital	1,832,209	44.29	The perso n in charg e is the same perso n as	Min Sing Gen eral Hosp ital	1,624,514	41.94	The perso n in charg e is the same perso n as	Min Sing Gen eral Hosp ital	367,158	37.75	The pers on in char ge is the chair man of

				the chair man of the pare nt comp any				the chair man of the pare nt comp any				the com pany
2	othe r	2,304,923	55.71		other	2,248,870	58.06		other	605,391	62.25	
	net sale s	4,137,132	100		net sales	3,873,384	100		net sales	972,549	100	

Reasons for increase or decrease: Mainly due to the impact of the Covid19 epidemic in 2011, the inspection PCR business increased significantly, and returned to the pre-epidemic level in 2011.

(6) Production volume table for the last two years: The company is not a manufacturing company, so it is not applicable.

(7) Sales volume table for the last two years and analysis of its changes

capacity unit: Unit of output value: NT\$1,000

sales year for sale quantity value Main products (or departments)	Year 111				112 years			
	Domestic sales		Export sales		Domestic sales		Export sales	
	qua ntity	v a l u e	qua ntity	v a l u e	qua ntity	v a l u e	qua ntity	v a l u e
Medicine goods, medicine material and technological material supply	0	2,985,140	0	47,328	0	2,997,609	0	37,540
healthy and medical manage	0	978,913	0	2,061	0	693,560	0	888
Equipment rental service	0	123,690	0	0	0	143,787	0	0
total	0	4,087,743	0	49,389	0	3,834,956	0	38,428

Analysis of changes: The main business of the company and its subsidiaries is the supply of drugs and medical materials to various medical institutions, health management services, medical equipment rental and filter material non-woven fabrics, etc. In addition to the production and manufacturing of filter material non-woven fabrics, the rest of the business is related to the general manufacturing industry. The business of continuous mass production of similar and homogeneous products is completely different, and the quantity and items are numerous and cannot be measured, so sales volume analysis is not applicable. In 111, health and medical management services were mainly affected by the epidemic. Inspection PCR business grew significantly and returned to pre-epidemic levels in 112.

5.3 Employee information

(1) Information on employees in the past two years and as of the publication date of the annual report

year		111year	112year	As of the current year 113Year3moon31day
staff Numb er of peopl e	Number of employees at the beginning of the period	142	145	141
	Number of people leaving this period	28	33	9
	Number of new employees	31	29	8
	total	145	141	140
average age		42.63	43.58	43.90
Average years of service		5.45	6.06	6.16
learn calen dar point cloth Comp are Rate	PhD	3	2	4
	Master	twenty two	18	19
	College	112	114	111
	high school	6	5	4
	High school or below	2	2	2

(2) Obtain certificate information for employees

Professional title	Employee code	License name	Licensing authority	Acquisition date
deputy general manager	A002408	1.Trust business personnel 2.Securities dealer business personnel 3.Futures Merchant Salesperson 4.Product insurance salesperson 5.financial planner 6.bank internal control 7.Personal insurance salesperson 8.Ticket salesperson 9.Financial knowledge and ethics	1.Trust Business Association of the Republic of China 2.Securities and Futures Commission 3.Securities and Futures Commission 4.Product Insurance Business Association 5.Financial Research and Training Institute 6.Financial Research and Training Institute 7.Life Insurance Business Association of the Republic of China 8.Brokerage Dealers Association 9.Securities and Futures Market Development Foundation	1.090/12/24 2.086/12/20 3.086/10 4.091/08 5.091/12/16 6.091/04/01 7.090/07 8.091/12/26 9.099/03/19
Vice President manager	A000764	1.International Internal Auditor 2.International Internal Control Self-Assessor 3. Senior medical manager 4.Business appraiser	1.The Institute of Internal Auditors 2.The Institute of Internal Auditors 3. Taiwan Medical Management Association 4. China Intangible Assets and Enterprise Evaluation Association	1.095/11 2.095/11 3.096/05 4.101/06
Assistant manager	A003976	1. CIA International Auditor Certificate 2. internal Auditor Certificate	1. IIA American Audit Institute 2. Internal Audit Association of the Republic of China	1.095/05 2.096/05/22
manager	A000362	1. Class A Labor Safety Technician Certificate 2. Class B safety and health technician certificate	1. Executive Yuan Labor Committee 2. Executive Yuan Labor Committee	1.093/07/18 2.086/12/21

manager	A000851	1.Class B Waste Disposal Technician 2.High pressure gas specific equipment operators 3.Type 1 pressure vessel operator 4.Hypoxia operations supervisor. 5.fire manager	1. Environmental Protection Personnel Training Institute of the Environmental Protection Department 2.Taiwan Industrial and Commercial Safety and Health Association 3.Taiwan Industrial and Mining Safety and Health Technicians Association 4.Taiwan Industrial and Commercial Safety and Health Association 5. Fire Education Academic Research Foundation	1.092/03/11 2.090/06/15 3.090/01/18 4.091/03/29 5.098/07/09
manager	P000018	1.ISO 15189 medical laboratory review Training certificate	1.National Certification Foundation	1.100/06/15
Team leader	P001452	1.ISO 15189 Medical Laboratory Supervisor Training certificate	1.National Certification Foundation	1.105/12/18
Team leader	P001678	1.ISO 15189 Medical Laboratory Supervisor Training certificate	1.National Certification Foundation	1.105/12/18
Commissioner	P000763	1.ISO 15189 Medical Laboratory Supervisor Training certificate	1.National Certification Foundation	1.099/07/19
Commissioner	P001405	1.ISO 15189 Medical Laboratory Supervisor Training certificate	1.National Certification Foundation	1.105/12/18

(3) Employee Code of Conduct and Rewards and Punishment Measures

1. Employee Service Code

In order to establish a system, improve organization and management, the company formulates employee work rules in accordance with the Labor Standards Law and relevant government regulations.

All personnel management regulations or personnel operation regulations shall be handled in accordance with employee work rules. A summary of its service rules is as follows:

- (1) Employees should abide by government laws and company regulations, obey reasonable supervision from supervisors, pay attention to work safety, protect the company's honor, exert team spirit, and work hard to perform tasks.
- (2) Employees should behave appropriately, be loyal and responsible, and behave with integrity. You are not allowed to take advantage of your position to engage in personal gain, malpractice, accept gifts, or benefit others or yourself. When handling official duties, the principle of good faith must be observed and no behavior may be allowed to harm the rights and interests of the company.
- (3) Employees are not allowed to leak information about the company's business, technology, salary, customer information, etc., and are not allowed to use the company's name to engage in any external affairs without approval.
- (4) All money, assets, documents, etc. that employees handle to manage the company or related enterprises must be clearly registered and the procedures must be complete. If there is any loss, the company may request compensation according to law.

2. Employee rewards and punishments

In order to standardize employee rewards and punishments and establish fair and reasonable reward and punishment standards to motivate employees and strengthen group discipline, the company has specially formulated the "Employee Reward and Punishment Measures". This includes the proposal, review, approval and related work of all reward and punishment cases. Reward and punishment cases are reported step by step by supervisors with signatures to the general manager for approval, and then transferred to the human resources unit for follow-

up work.

(1) Our company's rewards are divided into three levels:

Commendations: awarding prizes 500 Yuan, and issued reward and punishment orders.

Small merit: awarding bonuses 1500 Yuan, and issued reward and punishment orders.

Great work: awarding prizes 3000 Yuan, and issued reward and punishment orders.

(2) Our company's penalties are divided into four levels:

Admonition: fine 500 Yuan, and issued reward and punishment orders.

Minor offense: fine 1500 Yuan, and issued reward and punishment orders.

Major offense: fine 3000 Yuan, and issued reward and punishment orders.

Dismissal: Relieving an employee from his job and removing him from his position.

5.4 Environmental protection expenditure information

(1) The total amount of losses (including compensation) and penalties suffered by the company due to environmental pollution in the most recent year and as of the date of publication of the annual report, and disclosure of its future response strategies and possible expenditures: None.

(2) Future response measures and possible expenditures: Yet without This appearssituation.

(3) Protection measures for the working environment and personal safety of employees:

In order to improve the health quality of our colleagues and maintain work safety, our company complies with the relevant provisions of the "Occupational Safety and Health Act" and the "Labor Health Protection Rules" and goes beyond the regulations to conduct regular employee physical examinations every year. In addition, in order to maintain employee workplace safety, prevent sexual harassment in the workplace, and maintain gender equality and human dignity, the company has formulated sexual harassment prevention and control measures, complaints and disciplinary measures in accordance with gender equality laws and regulations. In addition to the above, in accordance with labor-related laws and regulations, the company covers labor health insurance and group insurance for employees to ensure workplace safety for colleagues and protect the rights and interests of employed employees.

1. Workplace safety:

(1) Sexual harassment prevention and enforcement work: The company has a grievance committee and relevant measures to investigate and punish.

(2) Provide necessary health and first aid facilities, strive to reduce hazards to employee safety and health, and prevent occupational disasters.

(3) Drinking water equipment that meets drinking water standards should be installed in the workplace and tested, cleaned and maintained quarterly.

(4) The workplace environmental sanitation and cleanliness management committee shall have professional cleaning companies conduct cleaning and disinfection at least quarterly to ensure that the sanitation quality of the working environment is truly maintained.

(5) Monitor the working environment (such as carbon dioxide, noise, etc.) in the workplace twice a year to ensure the safety and health of employees.

(6) Implement a comprehensive smoking ban in accordance with the provisions of the Smoking Harm Prevention Law.

- (7) The workplace safety committee has a professional security company conduct daily patrols and install cameras to ensure the personal safety of employees.
- (8) In order to protect the safety of employees, in addition to taking out labor and health insurance in accordance with the law, we also provide insurance items such as business trip safety insurance.
- (9) According to the "Labor Health Protection Rules", special medical staff are assigned to handle labor health management, occupational disease prevention and health promotion and other labor health protection matters, and occupational safety nurses are arranged twice a month to provide on-site services.

2. Fire safety:

- (1) Set up a complete fire protection system in accordance with regulations, including alarm systems, fire protection systems, escape systems, etc.
- (2) The fire protection equipment of the building where our company is located is entrusted to a qualified and professional testing consulting company to conduct monthly functional testing of system units.
- (3) Conduct publicity activities and professional courses at least once a year to enable colleagues to understand escape routes and skilled use of facilities, etc.

3. Health management:

- (1) Employee health examinations are arranged every year to ensure that colleagues are in good health.
- (2) The company prepares medical first aid kits and medicines.
- (3) The company cooperates with hospitals every year to provide employees with influenza vaccines.
- (4) Cooperate with the hospital to encourage employees to participate in health lectures and first aid training organized by the hospital, and establish health concepts from daily life to take precautions.

5.5 Labor-management relations

- (one) The company's various employee welfare measures, further training, retirement system and implementation status, as well as labor-management agreements and measures to protect employee rights and interests.

1. Employee welfare measures:

- (1) Apply for labor health insurance for colleagues in accordance with the Labor

- Insurance Act and the National Health Insurance Act, and allocate labor pensions in accordance with the law.
- (2) Establish an employee welfare committee to provide benefits including marriage, childbirth, funeral subsidies, scholarships, hospitalization condolences, birthday gifts, employee travel, year-end annual meetings, celebrations, and three festivals. gold, societies, books, newspapers and magazines, etc.
 - (3) After the employee's salary is calculated by the personnel unit and approved by the responsible supervisor, it will be transferred to the employee's account via bank transfer on the monthly pay day.
 - (4) Performance bonus: The business unit shall submit a performance bonus calculation method, which shall be implemented after approval.
 - (5) Year-end bonus: The year-end bonus is allocated based on the company's annual operating conditions. The payment method and related content are handled in accordance with the year-end bonus signature of the current year.
2. Further education and training measures:
- (1) Education and training for new employees:
On the registration day for new employees, the HR unit is responsible for explaining personnel regulations and company profile, and each unit is responsible for introducing supervisors and colleagues, working environment, work processes, and job descriptions..
 - (2) Education and training for on-the-job employees:
In order to implement lifelong learning, promote the growth of colleagues' professional knowledge, skills and humanistic qualities, thereby improving service quality and performance, and driving the overall development of the company, the "Staff Continuing Education and Training Methods" are specially formulated. Continuing education training is divided into "on-the-job education" and "continuing education". "On-the-job education" includes internal on-the-job training, professional courses, special lectures, etc. "Continuing education" includes personal training or participation in seminars, societies, annual meetings, courses, etc. organized by external parties.

112Annual employee education and training statistics

Department	Professional title	Name	Class date	hours	Course name	Course organizer
Human Resources Office	high commissioner	Li Xiaoping	1120222	6	Employee Welfare Committee Operations and Employee Welfare Plan Design Practice	Chinese Personnel Managers Association
Human Resources Office	high commissioner	Li Xiaoping	1120315	3	Interpretation of the 112th Labor Law and Response Analysis of Important Labor Judgments	Internal Audit Association of the Republic of China
Human Resources Office	Manager	Zhang Zhenjun	1120315	3	Interpretation of the 112th Labor Law and Response Analysis of Important Labor Judgments	Internal Audit Association of the Republic of China
Human Resources Office	clerk	Xiao Guiling	1120317	6	Basic Introduction to Labor Standards Law - Practical Operations on Calculation of Wages and Working Hours	Chinese Personnel Managers Association
General Manager's Office	deputy general manager	Fu Lanying	1120327	6	Internal auditors' auditing and control practices for "information security"	Accounting Research and Development Foundation
Human Resources Office	high commissioner	Li Xiaoping	1120414	7	Xulian Good Growth Camp-Enterprise practical visits and exchanges, training effectiveness study camp	Xulian Technology
Administration Department	deputy general manager	Cai Yufang	1120414	7	Xulian Good Growth Camp-Enterprise practical visits and exchanges, training effectiveness study camp	Xulian Technology
Regulations Room	Commissioner	Lin Lifan	1120414	7	Xulian Good Growth Camp-Enterprise practical visits and exchanges, training effectiveness study camp	Xulian Technology
audit room	Assistant manager	Leaf cultivation	1120418	6	Analysis of laws and regulations of the board of directors and functional committees (audit, compensation) and key points in auditing	Internal Audit Association of the Republic of China
Human Resources Office	Manager	Zhang Zhenjun	1120427	6	Latest working hours, schedule, overtime pay analysis and case analysis lectures	China Industrial and Commercial Research Institute
General Manager's Office	deputy general manager	Fu Lanying	1120516	6	Analysis of laws and regulations of the board of directors and functional committees (audit, compensation) and key points in auditing	Internal Audit Association of the Republic of China
General Manager's Office	deputy general manager	Fu Lanying	1120609	3	Promote sustainable corporate development through risk management - Code of Practice for Risk Management of Listed Overseas Companies	China Corporate Governance Association

Department	Professional title	Name	Class date	hours	Course name	Course organizer
Human Resources Office	high commissioner	Li Xiaoping	1120713	8	What you need to know in recruitment and selection - How to identify risk factors of job seekers and how to deal with them	Chinese Personnel Managers Association
General Manager's Office	deputy general manager	Fu Lanying	1120714	3	Analysis of policies related to "Sustainable Development Action Plan for Listed OTC Companies" and "Road Map"	Accounting Research and Development Foundation
General Manager's Office	deputy general manager	Fu Lanying	1120731	6	The latest policy development and internal control management practices related to "ESG Sustainability" and "Self-preparation of Financial Reports"	Accounting Research and Development Foundation
accounting office	Commissioner	Xiao Peiling	1120825	3	112-year unified invoice promotion and "Cloud Invoice Express" tax education activities	Northern District Internal Revenue Service
audit room	Assistant manager	Leaf cultivation	1120915	6	Internal auditors' auditing and control practices for "information security"	Accounting Research and Development Foundation
accounting office	Commissioner	Xiao Peiling	1120928	3	112th Annual Unified Invoice Promotion and Tax Laws and Regulations Seminar	Northern District Internal Revenue Service
accounting office	Associate	Huang Yamei	1120928	6	The latest policy development and internal control management practices related to "ESG Sustainability" and "Self-preparation of Financial Reports"	Accounting Research and Development Foundation
accounting office	Associate	Huang Yamei	1121024	6	Common deficiencies in "Financial Report Review" and practical analysis of important internal control regulations	Accounting Research and Development Foundation
accounting office	Assistant manager	Deng Yurong	1121102~1103	12	The accounting supervisor of the issuer's securities firm and stock exchange conducts an ongoing class	Accounting Research and Development Foundation
Human Resources Office	manager	Li Xiaoping	1121112	5	Successor and key talent development	HR short weekend
accounting office	Commissioner	Xiao Peiling	1121127	6	Common deficiencies in "Financial Report Review" and practical analysis of important internal control regulations	Accounting Research and Development Foundation
accounting office	Manager	Zeng Shiyun	1121215	2	"112 Various Income Withholding Laws and Reporting Practices" Seminar	Northern District Internal Revenue Service

Department	Professional title	Name	Class date	hours	Course name	Course organizer
accounting office	Manager	Wang Yihui	1121215	2	"112 Various Income Withholding Laws and Reporting Practices" Seminar	Northern District Internal Revenue Service

3. Company retirement, pension, severance and resignation system:

(1) Retirement, severance, occupational disaster subsidies, and pensions:

In order to regulate employee retirement, severance, occupational disaster compensation, pensions and other related matters, the company has formulated the "Employee Retirement, Severance and Occupational Disaster Pension Measures" regulations. All matters related to employee retirement, severance, occupational disaster subsidy, pension determination, application, and fee issuance are stated in the regulations. The summary is as follows:

A. Retirement:

Employees of our company who meet one of the following conditions may retire on their own initiative.

Those who have continuously worked for the company or related companies for more than 25 years.

Those who have continuously worked for the company or related companies for more than 15 years and are over 55 years old.

Those who have continuously worked for the company or related companies for more than 10 years and are over 60 years old.

The company has a Labor Retirement Reserve Fund Supervision Committee and formulated the organizational charter of the Labor Retirement Reserve Fund Supervision Committee. Representatives from the old system employees will be elected as members to manage the old system pensions. In accordance with Article 56 of the Labor Standards Act, the company will allocate funds to the employees of the old system. 2% of total monthly salary-15%Set aside money for retirement. Pension payment shall be paid from the special retirement reserve account set aside by the company, and the shortfall shall be made up by the company.

The Labor Retirement Reserve Supervisory Committee holds meetings every quarter to review the amount of retirement reserve provisions and balances,

review pension applications for employees under the old system, and obtain information on employees who have chosen the retirement system under the old system. In addition, for new employees, in accordance with the Labor Pension Regulations, 6% of the retirement grade will be allocated to the individual pension account of the Labor Insurance Bureau of employees every month; for those who voluntarily contribute to their pension, another voluntary contribution rate will be withdrawn from the employee's salary. The funds will be withheld to the special personal pension account of the Labor Insurance Bureau on your behalf.

B. Salary:

If the company falls under Article 11 of the Labor Standards Law, it may terminate the labor contract with a notice to the employee and pay severance pay in accordance with the law. For those who are laid off, notice should be given in accordance with Article 16 of the Labor Standards Act. When a company lays off an employee, it should list in detail the name, gender, age, address, phone number, job position, reason for layoff, and whether employment counseling is required of the laid-off employee 10 days before the employee's resignation, and report it to the competent authority in a list. Notice from public employment services.

C. Occupational disaster allowance:

When an employee is disabled, injured, sick or dies due to an occupational accident, the company will compensate the employee in accordance with the Labor Standards Law. However, as in the case of an accident, if compensation has been paid by the company in accordance with the Labor Insurance Regulations and other laws and regulations, the compensation fees can be offset. When employees are injured or suffer from occupational diseases, the company will compensate them for necessary medical expenses. The types of occupational diseases and their medical scope shall comply with the relevant provisions of the Labor Insurance Regulations.

D. Pension:

If an employee of the company dies due to illness, accidental death, danger

due to performance of duties, or illness during the period of employment, the company will provide a pension.

(2)Resignation system:

In order to enable employees to resign under reasonable and legal circumstances and ensure smooth business handover, the "Employee Resignation Management Measures" were formulated. All resignations of full-time and part-time employees of the company will be managed in accordance with these regulations. Employees should apply for resignation in accordance with regulations and complete the relevant procedures for resignation..

4. collective bargaining agreement:

In order to coordinate labor-management relations, promote labor-management cooperation, improve work efficiency, and prevent various labor problems, in accordance with the Ministry of Labor's "Labor-Management Meeting Implementation Measures" and Article 83 of the Labor Standards Act, relevant measures are formulated and labor-management meetings are held regularly to coordinate labor and management. relations, promote labor-management cooperation and plan labor benefits. The company will properly handle the matters resolved according to the meeting and track the progress and results at the next labor-management meeting.. In addition, the company cooperates with the spirit of the government's labor law amendments, implements the spirit of various labor leave management, and emphasizes and reminds employees of the importance of balancing work and leave.

5. Measures to safeguard employee rights and interests:

In order to safeguard the rights and interests of employees, the company has formulated relevant measures for employee benefits in accordance with the law, including various subsidy measures, three-section bonus payment mechanism, etc. Establish a Labor Retirement Reserve Fund Supervision Committee to be responsible for pension preparation, allocation, custody, utilization and related legal and regulatory matters. In order to deal with possible sexual harassment among employees and protect gender of Equality at work and personal dignity,

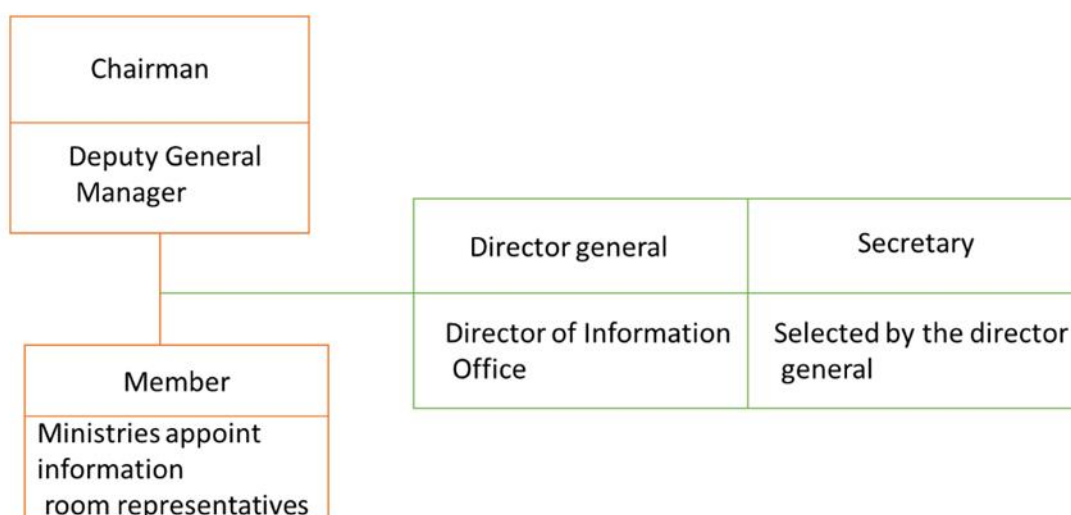
special basis Gender Equality Work Act Providing "sexual harassment prevention measures, complaints and disciplinary measures".

(two) Explain the losses suffered by the company due to labor disputes in the past two years and up to the date of publication of the public prospectus, and disclose the estimated amounts and response measures that may occur currently and in the future. If there is no reasonable estimate, the facts that cannot be reasonably estimated should be stated: The company has established a complete communication channel and is committed to creating good and harmonious labor relations. So far, it has not suffered any major losses due to labor disputes. In the future, we will continue to communicate and coordinate between labor and management so that employees can grow in a safe and pleasant working environment.

5.6 Information security management

(one)Information Security Risk Management Framework

In order to strengthen the security and management of information operations, the company has established a cross-department information security committee to formulate information security management policies, promote "information operation methods", coordinate cross-department information processing procedures, and review the company's information security policies and implementation results. , and regularly report the company's information security governance profile to the board of directors. The organizational structure of the Information Security Committee is as follows:



(two)Information Security Policy

Ensure the confidentiality, integrity and availability of information assets and protect user data privacy

Ensure the normal operation of the company's various information operating systems, maintain network information security, and protect the confidentiality and integrity of the company's computerized data processing, including information demand management, system development and program modification, and preparation of system documents, programs and data Access, data input and output, data processing, security management of computer files and equipment, purchase, use and maintenance of hardware and system software, system recovery plan formulation and testing

procedures, information and communication security management, system or mail account and password application etc. all fall within the scope of information security management.

If an information security incident occurs, it will be handled in accordance with the "Measures for Handling Information Security Incident Emergency Reports".

(three) Specific management plans and resources invested in information security management

Information security management measures implemented by the company

Type	instruction	Related assignments
Permission management	Management of accounts and permissions for each system	Information request form
Access management	Access internal and external data, mail transmission, filtering control	Internal/external access control measures Control of data leakage channels Operation behavior track record
external defense	Internet security, anti-virus software, outsourcing and third parties	Network security maintenance, network point installation Legal copyright, anti-virus software installation Sign a confidentiality agreement
System repair	System usage status and measures to deal with disconnection	Maintenance notification system
Database management	Database backup	Back up data regularly Offsite backup

(Four) Explanation of 112-year implementation

1. Since the establishment of the "Information Security Committee" in September 2019, the Company has held regular Information Security Committee meetings every quarter, with a total of 4 meetings held in 2023. (3/9, 7/6, 9/14, 12/7).
2. Implement important information security issues and events in 2023, including equipment failure drills, social engineering drills, illegal software inspections, information security risk assessments, improving information security capabilities, etc.
3. In accordance with the regulations of the Financial Supervisory Committee, an information security director and an information security personnel have been deployed in 2023.
4. The implementation of information security was reported at the 17th meeting of

the 7th Board of Directors on December 22, 2023.

5. List the losses, possible impacts and response measures suffered due to major information security incidents in the most recent year and as of the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: This is not the case.

5.7 Important contracts

Contractual nature	parties	Contract start and end date		Main content	Restrictions
		rise	until		
Outsourcing service contract	Taiwan Semiconductor Manufacturing Co., Ltd. Ltd.	107/01/01	112/12/31	Health center business services	without
Medical service contract	Min Sing General Hospital	111/01/01	120/12/31	Physical examination business services	without
Medical service contract	Min Sing General Hospital	111/01/01	120/12/31	Inspection business services	without
Medical service contract	Longtan Min Sheng Hospital	111/01/01	120/12/31	Inspection business services	without
Medical service contract	Longtan Min Sheng Hospital	111/01/01	120/12/31	Physical examination business services	without
Medical service contract	Tai Yuen Min Sing Hospital	111/01/01	120/12/31	Inspection business services	without
Medical service contract	Smart Medical Clinic	112/03/15	120/12/31	Inspection business services	without
Medical service contract	Christine Memorial Hospital	111/01/01	112/12/31	Physical examination business services	without
Yonggen Health Checkup Support Cooperation Contract	Catholic Koshin Medical Foundation Yonghwa Koshin Hospital	108/01/01	112/06/15	Physical examination business services	without
Yonggen Health Checkup Support Cooperation Contract	Catholic Koshin Medical Foundation Yonghwa Koshin Hospital	112/06/15	115/06/14	Physical examination business services	without
Yonggeng High Inspection Center Cooperation Operation Case	Catholic Koshin Medical Foundation Yonghwa Koshin Hospital	107/06/15	112/06/14	Physical examination business services	without
Yonggeng High Inspection Center Cooperation Operation Case	Catholic Koshin Medical Foundation Yonghwa Koshin Hospital	112/06/15	115/06/14	Physical examination business services	without

Contractual nature	parties	Contract start and end date		Main content	Restrictions
		rise	until		
National Taiwan University School of Medicine Affiliated Hospital Property Purchase Contract Document and Contract	National Taiwan University School of Medicine Hospital	111/12/07	113/12/06 Can be extended for 1 year	Purchase case number: GD11310A Summary of the name and quantity of the tender: a batch of biochemical immunoassay reagents (with instruments)	without
Equipment purchase contract	Fangding Information Co., Ltd.	112/02/01		Self-service machine related equipment	without
Equipment purchase contract	Vision Optical Technology Co., Ltd.	112/02/06		Cataract lens porosimeter	without
Equipment purchase contract	kenyi co., ltd.	112/02/16		Focused extracorporeal shock wave therapy device	without
Equipment purchase contract	Heding Precision Industry Co., Ltd.	112/03/13		Clinic crowd control gate	without
Equipment purchase contract	GE Asia Medical Equipment Co., Ltd.	112/04/28		computed tomography scanner	without
Equipment purchase contract	Hongwei Medical Instruments Co., Ltd.	112/05/23		Ultrasonic suction surgical device	without
Equipment purchase contract	Bochen Technology Co., Ltd.	112/06/15		Comprehensive medical payment machine	without
Equipment purchase contract	Vision Optical Technology Co., Ltd.	112/07/13		Cataract lens porosimeter	without
Equipment purchase contract	hui hing co., ltd.	112/09/11		3D, 4K imaging system	
Equipment purchase contract	Ruide Medical Equipment Co., Ltd.	112/11/03		"Bida Le" radio frequency treatment system	without
Equipment purchase contract	Polytech Co., Ltd.	112/12/05		Cardiopulmonary exercise function tester	without
Medical equipment lease contract	Min Sing General Hospital	112/01/01	114/12/31	Kidney dialysis VIP connection equipment-VIP equipment	without

Contractual nature	parties	Contract start and end date		Main content	Restrictions
		rise	until		
Medical equipment lease contract	Min Sing General Hospital	112/03/01	115/02/28	MRI scanner	without
Medical equipment lease contract	Shengyu health	112/04/01	115/03/31	5 items including skin tester (including Apple iPad)	without
Medical equipment lease contract	Smart Medical Clinic	112/05/01	115/04/30	Patio type X-ray machine (including room engineering)	without
Medical equipment lease contract	Min Sing General Hospital	112/06/01	115/05/31	Cataract phacoemulsification instrument	without
Medical equipment lease contract	Min Sing General Hospital	112/06/01	114/05/31	Minimally invasive endoscopic surgery group (including arthroscopy*2)	without
Medical equipment lease contract	Shengyu health	112/07/01	115/06/30	Focused extracorporeal shock wave therapy device	without
Medical equipment lease contract	Min Sing General Hospital	112/10/01	115/09/30	Imaging System Group (4K/ICG)	without
Medical equipment lease contract	Smart Medical Clinic	112/10/01	115/09/30	Registration payment machine, etc. 3 items included	without
Medical equipment lease contract	Min Sing General Hospital	112/12/01	115/11/30	Ultrasonic suction surgical device	without
Medical equipment lease contract	Tai Yuen Min Sing Hospital	112/12/01	115/11/30	Cataract phacoemulsification instrument	without

6. financial overview

6.1 Condensed balance sheet and profit and loss statement for the past five years

(one)Condensed balance sheet and consolidated income statement information

1.Consolidated Condensed Balance Sheet-Adopt IFRS

Unit: Thousands of New Taiwan Dollars

Year I t e m d e g r e e Head		Financial information for the most recent year(Note 1)					Financial information for the year ended March 31, 2024 (Note 2)
		108 years	109 years	110 years	111 years	112 years	
c u r r e n t a s s e t s		2,239,348	3,205,016	3,155,251	3,192,478	3,239,624	3,135,540
Property, Plant and E q u i p m e n t		402,031	706,979	562,605	1,694,731	1,676,551	1,642,802
i n t a n g i b l e a s s e t s		277,009	343,746	337,741	342,674	337,124	333,904
O t h e r a s s e t s		1,298,261	1,429,853	2,057,211	2,147,873	2,192,239	2,242,097
T o t a l a s s e t s		4,216,649	5,685,594	6,112,808	7,377,756	7,445,538	7,354,343
current liabilities	Before allocation	1,261,050	1,677,859	1,471,828	1,729,560	1,964,972	1,834,828
	After allocation	1,312,205	1,732,300	1,528,991	1,789,581	(Note3)	(Note3)
i l l i q u i d L i a b i l i t i e s		254,986	428,725	757,686	1,549,201	1,525,107	1,493,543
total liabilities	Before allocation	1,516,036	2,106,584	2,229,514	3,278,761	3,490,079	3,328,371
	After allocation	1,567,191	2,161,025	2,286,677	3,338,782	(Note3)	(Note3)
Equity attributable to owners of the parent c o m p a n y		2,509,715	2,918,231	3,148,802	3,419,259	3,487,936	3,563,580
E q u i t y		1,023,097	1,088,636	1,143,259	1,200,422	1,260,443	1,260,443
c a p i t a l r e s e r v e		1,077,006	1,224,665	1,267,418	1,264,508	1,155,834	1,153,697
reserve surplus	Before allocation	448,477	638,399	764,260	947,903	949,006	973,534
	After allocation	397,322	529,517	649,934	887,882	(Note3)	(Note3)
O t h e r r i g h t s a n d i n t e r e s t s		(38,865)	(33,469)	(26,135)	6,426	122,653	175,906
t r e a s u r y s t o c k s		-	-	-	-	-	-
n o n - c o n t r o l l i n g i n t e r e s t		190,898	660,779	734,492	679,736	467,523	462,392
E q u i t y total amount	Before allocation	2,700,613	3,579,010	3,883,294	4,098,995	3,955,459	4,025,972
	After allocation	2,649,458	3,524,569	3,826,131	4,038,974	(Note3)	(Note3)

Note1: The company is in108 years to1All information for 2012 has been verified and certified by accountants.

Note2:1The financial report for the first quarter of 2013 has been reviewed by accountants.

Note3: As of the printing date of the annual report, the Republic of China1The earnings distribution plan for 2012 has not yet been submitted to the shareholders' meeting for resolution, so the post-distribution amount is not listed.

2. Consolidated Condensed Comprehensive Statement of Income-Adopt IFRS

Unit: Thousands of New Taiwan Dollars

<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Project</div> <div style="margin-left: 10px;">year</div> </div>	Financial information for the most recent year(Note 1)					As of the current year 113Financial information as of March 31 (Note 2)
	108 years	109 years	110 years	111 years	112 years	
operating income	3,123,887	4,098,876	3,850,027	4,137,132	3,873,384	972,549
Operating profit	652,904	1,179,920	833,956	983,911	726,377	171,255
Operating profit and losses	143,546	512,209	258,451	339,116	119,099	22,813
Non-operating income and expenditure	60,707	(33,110)	9,178	822	(10,115)	1,571
Net profit before tax	204,253	479,099	267,629	339,938	108,984	24,384
remain openunit Net profit for this period	179,162	361,081	193,428	244,110	55,265	13,498
Suspendedunitlosslosses	0	0	0	0	0	0
Net profit (loss) for the current period	179,162	361,081	193,428	244,110	55,265	13,498
Other comprehensive gains and losses for the period (Net after tax)	8,594	1,102	9,241	21,009	114,003	54,253
This periodTotal comprehensive profit and losses	187,756	362,183	202,669	265,119	169,268	67,751
Net profit attributable to parent company owner	195,052	247,712	232,663	293,946	124,557	24,529
Net profit attributable to non-controlling interest	(15,890)	113,369	(39,235)	(49,836)	(69,292)	(11,031)
The total comprehensive profit and loss belongs to the owners of the parent company	198,875	246,288	242,077	331,172	240,822	77,781
Total comprehensive profit and loss attributable to non-controlling interests	(11,119)	115,895	(39,408)	(66,053)	(71,554)	(10,030)
Earnings per share	1.57	1.98	1.85	2.33	0.99	0.19

Note1: The company is in108 years to1All information for 2012 has been verified and certified by accountants.

Note2:1The financial report for the first quarter of 2013 has been reviewed by accountants.

Note3: When calculating earnings per share, the impact of the free rights issue as of the publication date of the annual report has been included in the retrospective adjustment.

3. Individual condensed balance sheet-Adopt IFRS

Unit: Thousands of New Taiwan Dollars

Item Head	Year degree	Financial information for the most recent year(Note 1)				
		108 years	109 years	110 years	111 years	112 years
current assets		1,456,552	1,544,303	1,707,575	1,887,488	2,161,341
Property, Plant and Equipment		285,521	328,245	203,190	1,379,529	1,416,265
intangible assets		29,076	20,028	13,918	8,438	3,533
Other assets		1,689,802	2,040,284	2,427,576	2,381,779	2,166,772
Total assets		3,460,951	3,932,860	4,352,259	5,657,234	5,747,911
current liabilities	Before allocation	785,754	870,632	729,848	923,963	1,066,907
	After allocation	836,909	925,073	787,011	983,984	(Note 2)
illiquidLiabilities		165,482	143,997	473,609	1,314,012	1,193,068
t o t a l liabilities	Before allocation	951,236	1,014,629	1,203,457	2,237,975	2,259,975
	After allocation	1,002,391	1,069,070	1,260,620	2,297,996	(Note 2)
Equity attributable to owners of the parent company		2,509,715	2,918,231	3,148,802	3,419,259	3,487,936
E q u i t y		1,023,097	1,088,636	1,143,259	1,200,422	1,260,443
capital reserve		1,077,006	1,224,930	1,267,418	1,264,508	1,155,834
retained earnings	Before allocation	448,477	638,399	764,260	947,903	949,006
	After allocation	397,322	529,517	649,934	827,861	(Note 2)
Other rights and interests		(38,865)	(33,469)	(26,135)	6,426	122,653
treasury stocks		-	-	-	-	-
non-controlling interest		0	0	0	0	0
Total equity	Before allocation	2,509,715	2,918,231	3,148,802	3,419,259	3,487,936
	After allocation	2,458,560	2,863,790	3,091,639	3,359,238	(Note 2)

Note1: The company is in 108 years to 111 years. All information for 2012 has been verified and certified by accountants.

Note 2: As of the publication date of the annual report, the Republic of China 111st profit distribution plan for 2 years has not yet been submitted to the shareholders' meeting for resolution, so the post-distribution amount is not listed.

4. Individual condensed comprehensive income statement-Adopt IFRS

Unit: Thousands of New Taiwan Dollars

Item Year degree Head	Financial information for the most recent year(Note 1)				
	108 years	109 years	110 years	111 years	112 years
operating income	1,831,632	1,987,354	2,239,602	2,498,480	2,314,072
Operating profit	294,972	255,980	473,228	624,177	395,631
Operating profit and loss	170,254	127,575	352,352	446,903	272,831
Non-operating income and expenditure	51,108	149,100	(50,628)	(67,239)	(99,319)
Net profit before tax	221,362	276,675	301,724	379,664	173,512
remain open unit Net profit for this period	195,052	247,712	232,663	293,946	124,557
Suspended unit loss	0	0	0	0	0
Net profit (loss) for the current period	195,052	247,712	232,663	293,946	124,557
Other comprehensive gains and losses for the period (Net after tax)	3,823	(1,694)	9,824	36,142	116,265
This period Total comprehensive profit and loss	198,875	246,288	242,077	331,172	240,822
Net profit attributable to parent company owner	195,052	247,712	232,663	293,946	124,557
Net profit attributable to non-controlling interests	0	0	0	0	0
The total comprehensive profit and loss belongs to the owners of the parent company	198,875	246,288	242,077	331,172	240,822
Total comprehensive profit and loss attributable to non-controlling interests	0	0	0	0	0
Earnings per share(Note 2)	1.57	1.98	1.85	2.33	0.99

Note1: The company is in 108 to 112 All information for 112 has been verified and certified by accountants.

Note 2: When calculating earnings per share, the impact of free share placements as of the publication date of the annual report has been included in retrospective adjustments.

(two) Important events that affect the consistency comparison of the above financial statements, such as accounting changes, company mergers or business department shutdowns, etc. and their impact on the current year's financial statements: None

(three) Names and verification opinions of visa accountants for the past five years

year	Firm name	Visa accountant name	Check comments
108	Qinye Zhongxin United Accounting Firm	Liu Yongfu, Xie Jianxin	unqualified opinion
109	Qinye Zhongxin United Accounting Firm	Liu Yongfu, Xie Jianxin	unqualified opinion
110	Anhou Jianye United Accounting Firm	Kou Huizhi, Guo Xinyi	unqualified opinion
111	Anhou Jianye United Accounting Firm	Kou Huizhi, Guo Xinyi	unqualified opinion
112	Anhou Jianye United Accounting Firm	Kou Huizhi, Guo Xinyi	unqualified opinion

6.2 Financial analysis of the last five years

1. Financial Analysis - International Financial Accounting Standards (Consolidated)

Year Analysis project (note2)		Most recent annual financial analysis (Note 1)					As of the current year113 yearsMarch 31day (note2)
		108 years	109 years	110 years	111 years	112 years	
Finance structur e	debt to assets ratio	35.92	37.05	36.47	44.44	46.87	45.26
	Long-term funds account for Property, Plant and Equipment ratio	734.58	566.88	824.91	333.28	326.90	335.98
debt repaym ent ability	current ratio	177.58	191.02	214.38	184.58	164.87	170.89
	quick ratio	155.31	168.82	191.65	166.02	147.48	153.03
	interest coverage ratio	14.12	33.99	14.29	9.91	3.03	2.73
busines s ability	Accounts receivable turnover rate (times)	3.35	4.26	3.58	3.55	2.95	2.86
	average cash receipt days	108.96	85.68	101.95	102.81	123.72	127.61
	Inventory turnover rate (times)	7.73	8.79	8.18	9.28	9.28	9.45
	Payables turnover rate (times)	4.10	4.38	4.38	4.34	3.83	4.46
	Average sales days	47.22	41.52	44.62	39.33	39.33	38.62
	Property, Plant and Equipment Turnover rate (times)	7.50	7.39	6.07	3.67	2.30	2.34
	Total asset turnover rate (times)	0.77	0.83	0.65	0.61	0.52	0.53
profit ability	Return on assets (%)	4.78	7.51	3.53	4.03	1.11	1.15
	Equity Rate of return (%)	6.81	11.50	5.18	6.12	1.37	1.35
	Account for actual income Capital ratio (%)	operating profit	14.03	47.05	22.61	28.25	9.45
		Net income before tax	19.96	44.01	23.41	28.32	8.65
	Net profit margin (%)		5.74	8.81	5.02	5.90	1.43
	Earnings per share (yuan)		1.65	2.08	1.94	2.45	0.99
Cash flow	Cash flow ratio (%)	39.86	42.78	24.47	37.15	13.09	1.94
	Cash flow adequacy ratio (%)	48.95	71.34	91.20	71.91	78.72	67.34
	Cash reinvestment ratio (%)	15.65	18.81	6.25	11.02	3.71	0.66
Leverag e	operating leverage	6.49	2.92	4.56	3.82	8.46	9.61
	financial leverage	1.12	1.03	1.08	1.13	1.82	2.63
Reasons for changes in various financial ratios in the last two years (increases or decreases exceeding 20%)							
(1) interest coverage ratio: The net profit before tax and interest in 2023 decreased compared with the same period, resulting in a decrease in the interest coverage ratio.							
(2) average cash receipt days: The main reason is that the turnover in 2023 decreased compared with the same period, resulting in an increase in the average number of cash collection days.							
(3) Property, plant and equipment turnover rate: The turnover in 2023 decreased compared with the same period, and the purchase of real estate in 2022 was 1.16 billion, resulting in an increase in average fixed							

assets and a decrease in turnover rate.

- (4) Profitability: In 2023, due to the easing of the epidemic, PCR testing business decreased compared with the same period last year, resulting in various profitability declines compared with the same period last year.
- (5) Cash flow ratio and cash reinvestment ratio: This is due to the substantial decrease in inspection business and profit reduction in 2023, resulting in a decrease in cash inflow from operating activities compared with the same period, and a decrease in cash flow ratio and cash reinvestment ratio.
- (6) Operating leverage: Mainly due to the decrease in 2023 turnover and profit reduction compared with the same period in 2023, resulting in an increase in operating leverage.
- (7) financial leverage: This is due to the decrease in profits and the increase in long-term borrowing interest expenses due to the purchase of real estate in mid-2022, resulting in an increase in financial leverage.

Note 1: The above financial information for each year has been audited or reviewed by accountants.

Note 2: When calculating earnings per share, the impact of the free rights issue as of the date of publication of the prospectus has been included in the retrospective adjustment.

2. Financial Analysis-International Financial Accounting Standards (Individual)

Analysis project (note2)		year	Most recent annual financial analysis (Note 1)				
			108 years	109 years	110 years	111 years	112 years
Finance structure	debt to assets ratio		27.48	25.80	27.65	39.56	39.32
	Long-term funds account for Property, Plant and Equipment ratio		936.95	932.91	1,782.77	343.11	330.52
debt repayment ability	current ratio		185.37	177.38	233.96	204.28	202.58
	quick ratio		179.97	170.21	227.12	198.91	197.98
	interest coverage ratio		24.41	42.42	36.05	16.26	6.09
business ability	Accounts receivable turnover rate (times)		2.30	2.53	2.59	2.55	2.12
	average cash receipt days		158.70	144.27	140.93	143.14	172.17
	Inventory turnover rate (times)		17.82	27.40	25.63	32.26	37.35
	Payables turnover rate (times)		3.54	3.53	3.50	3.46	3.03
	Average sales days		20.48	13.32	14.24	11.31	9.77
	Property, Plant and Equipment Turnover rate (times)		6.17	6.48	8.43	3.16	1.66
	Total asset turnover rate (times)		0.54	0.54	0.54	0.50	0.41
profit ability	Return on assets (%)		6.03	6.86	5.78	6.26	2.61
	Equity Rate of return (%)		8.01	9.13	7.67	8.95	3.61
	Account for actual income Capital ratio (%)	operating profit	16.64	11.72	30.82	37.23	21.65
		Net income before tax	21.64	25.41	26.39	31.63	13.77
	Net profit margin (%)		10.65	12.46	10.39	11.76	5.38
	Earnings per share (yuan)		1.65	2.08	1.94	2.45	0.99
Cash flow	Cash flow ratio (%)		53.83	27.32	46.06	55.97	29.27
	Cash flow adequacy ratio (%)		51.72	60.93	108.15	73.21	86.45

	Cash reinvestment ratio (%)	13.68	7.41	8.22	10.03	5.45
Leverage	operating leverage	3.30	4.38	2.33	2.30	2.72
	financial leverage	1.06	1.06	1.03	1.06	1.14

Reasons for changes in various financial ratios in the last two years (increases or decreases exceeding 20%)

- (1) interest coverage ratio: The net profit before tax and interest in 2023 decreased compared with the same period, resulting in a decrease in the interest coverage ratio.
- (2) average cash receipt days: The main reason is that the turnover in 2023 decreased compared with the same period, resulting in an increase in the average number of cash collection days.
- (3) Property, plant and equipment turnover rate: The turnover in 2023 decreased compared with the same period, and the purchase of real estate in 2022 was 1.16 billion, resulting in an increase in average fixed assets and a decrease in turnover rate.
- (4) Profitability: In 2023, due to the easing of the epidemic, PCR testing business decreased compared with the same period last year, resulting in various profitability declines compared with the same period last year.
- (5) Cash flow ratio: This is due to the substantial decrease in inspection business and profit reduction in 2023, which resulted in a decrease in cash inflow from operating activities compared with the same period and a decrease in cash flow ratio.

Note 1: The above financial information for each year has been audited or reviewed by accountants.

Note 2: When calculating earnings per share, the impact of the free rights issue as of the date of publication of the prospectus has been included in the retrospective adjustment.

Note 3: financial analysis The calculation formula:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Long-term funds account for Property, Plant and Equipment Ratio = $\frac{(\text{Equity} + \text{total} + \text{illiquid} + \text{Liabilities})}{\text{Property, Plant and Equipment net amount}}$

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expense for the current period.

3. Business capabilities

(1) Accounts receivable (including accounts receivable and bills receivable arising from business) turnover rate = net sales / average accounts receivable for each period (including accounts receivable and bills receivable arising from business) Notes receivable balance.

(2) Average cash collection days = 365 / receivables turnover rate.

(3) Inventory turnover rate = cost of goods sold / average inventory amount.

(4) Accounts payable (including accounts payable and bills payable arising from business) turnover rate = cost of goods sold / average balance of accounts payable (including accounts payable and bills payable arising from business) in each period.

(5) Average sales days = 365 / inventory turnover rate.

(6) Property, Plant and Equipment Turnover rate = net sales / $\frac{\text{Average property, plant and equipment net amount}}$

(7) Total asset turnover rate = net sales / $\frac{\text{average Total assets}}$

4. Profitability

(1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = After-tax profit and loss / $\frac{\text{Average equity total} + \text{Um}}$.

(3) Net profit rate = after-tax profit and loss / net sales.

(4) Earnings per share = $\frac{(\text{Profit and loss attributable to owners of the parent company} - \text{Special stock dividend})}{\text{weighted average number of shares issued. (Note 4)}}$

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividends).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / $\frac{(\text{Property, Plant and Equipment Gross} + \text{long term Investment} + \text{Others} + \text{illiquid assets} + \text{working capital})}{\text{(Note 5)}}$

6. Leverage:

(1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 6).

(2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4: To calculate the earnings per share formula, special attention should be paid to the following matters when measuring:

1. Based on the weighted average number of common shares, not the number of issued shares at the end of the year.
2. If there is a cash capital increase or treasury stock transaction, the weighted average number of shares should be calculated taking into account its circulation period.
3. Where there is a capital increase from surplus or capital reserve from capital, when calculating the earnings per share of previous years and half-years, the proportion of capital increase shall be adjusted retrospectively without taking into account the period during which the capital increase was issued.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the current year (whether paid or not) shall be deducted from the after-tax net profit, or added to the after-tax net loss. If the special shares are of a non-cumulative nature and there is a net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory will only be included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the period, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and special shares.
5. Property, Plant and Equipment Gross amount refers to the amount before deducting accumulated depreciation. Property, Plant and Equipment total amount.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If any estimates or subjective judgments are involved, attention should be paid to their reasonableness and consistency.

Note 7: If a foreign company has previously opened a ratio of paid-in capital, it will be calculated as a ratio of net worth.

6.3 Audit committee review report of the most recent annual financial report

Audit Committee Review Report⁴

The company's 2023 annual business report, financial statement consolidation and financial statement and profit distribution project, etc., among which the financial statement and financial statement have been audited by Anhou Jianye United Accounting Firm, and an audit report has been issued. The above-mentioned business report, financial statements, qualified financial statements and profit distribution case have been reviewed and completed by the Audit Committee according to law, and there are no discrepancies, and they are submitted in accordance with the provisions of Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Law. Please review the report.⁴

Sincerely,⁴

Share Hope Medicine Co., Ltd.⁴

2024 Annual General Meeting of Shareholders⁴

Share Hope Medicine Co., Ltd.⁴

The Audit Committee⁴

Convener : Ken-Tsai Wu⁴



May 10, 2024 of the Republic of China⁴

6.4 Financial statements for the most recent year

Please refer to pages 204 to 288.

6.5 The company's individual financial statements that have been verified and certified by accountants for the most recent year

Please refer to pages 289 to 359.

6.6 If the company and its affiliated enterprises have financial turnover difficulties in the most recent year and as of the date of publication of the annual report, its impact on the company's financial status: None

ShareHope Medicine Co., Ltd. and its
subsidiaries
**Consolidated Financial Statements and
Independent Auditors' Report**
2023 and 2022

Address: 19th Floor, No. 168 Chingkuo Road, Taoyuan District, Taoyuan City
Tel: (03)3469595

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Statement

The companies affiliated to the Company that shall prepare consolidated financial statements of affiliates for 2023 (from January 1, 2023 to December 31, 2023) in accordance with the "Standards for the Preparation of Consolidated Business Report of Affiliates, Consolidated Financial Statements of Affiliates, and Relation Report", are the same as the companies that shall prepare consolidated financial statements of the parent company and subsidiaries in accordance with the No. 10 International Financial Reporting Standards recognized by the Financial Supervisory Commission, and information that shall be disclosed in the consolidated financial statements of affiliates has been disclosed in the said Consolidated Financial Statements of the parent company and subsidiaries. Accordingly, a separate set of consolidated financial statements of affiliates will not be prepared.

Hereby declared.

Company name: ShareHope Medicine Co., Ltd.

Chairperson: Hung-jen Yang

Date: March 15, 2024

Independent Auditors' Report

Submitted to the Board of Directors of ShareHope Medicine Co., Ltd. and subsidiaries for review

Audit opinion

The Consolidated Balance Sheet of ShareHope Medicine Co., Ltd. and its subsidiaries (ShareHope Group) as of December 31, 2023 and 2022, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to Consolidated Financial Statements (including the Summary of Major Accounting Policies) for the years ended December 31, 2023 and 2022, have been audited by the independent auditor.

In the independent auditor's opinion, the Consolidated Financial Statements referred to above have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized by the Financial Supervisory Commission, based on the audit results of the independent auditor and the audit reports of other independent auditors (please refer to the Other Items section), which are sufficient for revealing the consolidated financial position of ShareHope Group as of December 31, 2023 and 2022 as well as its consolidated financial performance and consolidated cash flows for the years ended December 31, 2023 and 2022.

Foundation for audit opinions

The independent auditor performed the audit in compliance with the rules governing the certification of financial statements by entrusted independent auditors and the auditing standards. His responsibilities specified in these standards will be further explained in the section about independent auditors' responsibilities in auditing the Consolidated Financial Statements. The personnel subject to independence standards in the accounting firm, to which the said independent auditor is affiliated, have maintained independent from ShareHope Group in accordance with the CPA Professional and Ethical Guidelines, and have fulfilled other obligations under the Guidelines. Based on the audit results of the independent auditor and the audit reports of other independent auditors, the independent auditor holds that he has obtained sufficient and appropriate audit evidence as the basis for the audit opinions.

Key audit items

Key audit items refer to items of the greatest importance to be audited in the Consolidated Financial Statements of ShareHope Group for 2023, based on the professional judgment of the independent auditor. Given that such items have been considered in the course of auditing the Consolidated Financial Statements and forming the audit opinions, the independent auditor does not give opinions on these items separately. Based on the independent auditor's judgment, the key audit items that shall be included in the audit report are as follows:

Revenue recognition

For the accounting policies for revenue recognition and related disclosure information, please refer to Note 4 (15), Note 6 (27), and Note 7 (3) of the Consolidated Financial Statements.

Explanation on key audit items:

The operating revenue of ShareHope Group is a matter of concern to users of the financial statements and the competent authorities, and the Group's main sales customers are related parties of its medical system, whose operating revenue has a significant impact on the Consolidated Financial Statements. Accordingly, revenue recognition is among the important items to be evaluated by the independent auditor in the audit of the Consolidated Financial Statements of ShareHope Group.

Corresponding audit procedures:

The main audit procedures adopted by the independent auditor for the key audit items mentioned above include:

- Based on the understanding of the sales-related internal control procedures of ShareHope Group, establish internal control audit procedures in response to the risks generated thereof, to identify and evaluate the effectiveness of the internal control over sales transactions made by ShareHope Group with its related parties.

- Obtain sales revenue details from the management, confirm the completeness of the details, select adequate samples from the revenue details of main sales transactions with related parties, and review relevant vouchers and verify delivery of goods and receipt of payments, so as to confirm whether the revenues are recognized after relevant obligations are fulfilled as well as the authenticity of revenue recognition.
- Inspect whether there are major discounts or returns of sales revenue subsequent to the sales transactions and evaluate the authenticity of the sales revenue.
- Send a letter of inquiry to the relevant parties and confirm whether the recorded revenue is consistent with the transaction amount or has been adjusted appropriately.

Other items

Among the subsidiaries and equity method investments in the Consolidated Financial Statements of ShareHope Group, the financial statements of some subsidiaries and equity method investments have not been audited by the independent auditor, but have been audited by other independent auditors. Therefore, the opinions given by the independent auditor about the above-mentioned Consolidated Financial Statements concerning the amounts listed in the financial statements of such subsidiaries are based on the audit reports of other independent auditors. The total assets of such subsidiaries as of December 31, 2022 accounted for 6.01% of the total consolidated assets respectively, and the net operating revenue for the year ended December 31, 2022 accounted for 1.50% of the net consolidated operating revenue respectively. The equity method investments as of December 31, 2022 accounted for 0.26% of the total consolidated assets, and the share of losses of affiliates applying the equity method to part of the equity method investments for the year ended December 31, 2022 accounted for 0.22% of the net consolidated loss before tax.

ShareHope Medicine Co., Ltd. has prepared the Parent Company Only Financial Statements for 2023, and the independent auditor has issued unqualified opinions which are recorded in the audit report.

In addition, ShareHope Medicine Co., Ltd. has prepared the Parent Company Only Financial Statements for 2022, and the independent auditor has issued unqualified opinions which are recorded in the audit report included in the Other Items section for reference.

Responsibilities of the management and governing body for the Consolidated Financial Statements

The responsibility of the management is to prepare fairly presented Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized and issued by the Financial Supervisory Commission, and to maintain necessary internal control over the preparation of the Consolidated Financial Statements, so as to ensure no occurrence of material false statements due to fraud or error in the Consolidated Financial Statements.

The responsibility of the management in the preparation of the Consolidated Financial Statements also includes the evaluation of ShareHope Group's ability to continue business, the disclosure of related items, and the adoption of the accounting basis for continuation of the business, unless the management intends to liquidate ShareHope Group or close business, or there is no practical alternative to liquidation or close of the business.

The governing body (including the Audit Committee) of ShareHope Group is responsible for supervising the financial reporting process.

Responsibilities of the independent auditor for auditing the Consolidated Financial Statements

The purpose of the independent auditor's audit of the Consolidated Financial Statements is to obtain reasonable assurance as to whether there are material false statements due to fraud or error in the Consolidated Financial Statements, and to issue an audit report. Reasonable assurance refers to the high degree of certainty. Nevertheless, there is no guarantee that the material false statements in the Consolidated Financial Statements will necessarily be detected merely based on the audit work conducted in compliance with the auditing standards. False statements may result from frauds or errors. False statements of several amounts or total amounts are considered material if they can reasonably be expected to affect the economic decisions made by users of the Consolidated Financial Statements.

The independent auditor performs professional judgment and professional skepticism when conducting an audit in accordance with the auditing standards. The independent auditor also undertakes the following tasks:

1. Identify and evaluate the risk of material false statements due to frauds or errors in the Consolidated Financial Statements, formulate and implement appropriate countermeasures for the risk evaluated, and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statements, or overstepping internal control, the risk of the failure to detect material false statements

due to frauds is higher than that due to errors.

2. Obtain necessary understanding of the internal control essential to the audit, so as to formulate the appropriate audit procedures for the current situation, for all that the purpose is not to give opinions on the effectiveness of the internal control of ShareHope Group.
3. Evaluate the appropriateness of the accounting policies adopted by the management, as well as the reasonability of the accounting estimates and related disclosures made by them.
4. Draw conclusions on the appropriateness of the management's adoption of the accounting basis for continuation of the business, as well as whether there are significant uncertainties in events or situations that may give rise to material doubts about ShareHope Group's ability to continue its business, based on the audit evidences obtained. If the independent auditor believes that there are significant uncertainties in such events or situations, he shall remind users of the Consolidated Financial Statements to pay attention to the disclosures about the Consolidated Financial Statements, or revise the audit opinions when such disclosures are inappropriate. The independent auditor's conclusions are based on the audit evidences obtained up to the date of the audit report. However, future events or situations may result in ShareHope Group's loss of the ability to continue the business.
5. Evaluate the overall statements, structure, and contents of the Consolidated Financial Statements (including relevant notes), and whether relevant transactions and events are fairly presented in the Consolidated Financial Statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities of the Group to give opinions on the Consolidated Financial Statements. The independent auditor is responsible for guiding, supervising, and executing the audit work of the Group, and for issuing audit opinions on the Group.

The items on which the independent auditor has communicated with the governing body include the planned scope and time of the audit work, as well as major audit findings (including significant deficiencies in internal control identified in the course of the audit).

The independent auditor has also provided the governing body with the statement that the personnel subject to independence standards in the accounting firm, to which the independent auditor is affiliated, have complied with the CPA professional and ethical guidelines regarding independence, and has communicated with the governing body on all relationships and other items that may be considered to affect the independence of independent auditors (including relevant protective measures).

The independent auditor has decided on the key items to be audited in the Consolidated Financial Statements of ShareHope Group for 2023, based on the items on which he has communicated with the governing body. The independent auditor has stated such items in the Independent Auditors' Report, unless some specific items are prohibited from disclosure according to laws and regulations, or the independent auditor decides not to communicate some items in the Independent Auditors' Report under extremely rare circumstances where it can be reasonably expected that the negative impact of such communication will outweigh the public interest it brings.

KPMG

Independent auditor:

KOU, HUI-CHIH
KUO, HSIN-I

Number of documents approved
and certified by the securities
regulatory

Tai-Tsai-Zheng-(6)-Zi-0930106739
Jin-Kuan-Zheng-Shen-Zi-1040003949

March 15, 2024

ShareHope Medicine Co., Ltd. and its subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 1,383,022	19	1,535,182	21	2100	Short-term borrowings (Note 6(16) and 8)	\$ 407,467	5	306,254	4
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	10,463	-	10,341	-	2110	Short-term bills payable (Note 6(17))	54,901	1	54,892	1
1136	Financial assets at amortized cost - current (Note (8))	32,097	-	5,001	-	2130	Contract liabilities - current (Note 6(27))	12,662	-	5,525	-
1150	Notes receivable (Note 6 (4) and (27))	12,273	-	13,123	-	2150	Notes payable	95,890	1	100,470	1
1170	Net accounts receivable (Note 6 (4) and (27))	260,775	4	179,973	2	2170	Accounts payable	745,323	10	698,764	9
1180	Accounts receivable - related parties, net (Note 6(4), (6), (27), and 7)	1,115,312	15	1,042,711	14	2181	Accounts payable - related parties (Note 7)	1,076	-	3,556	-
1200	Other net accounts receivable (Note 6 (5))	37,799	1	55,603	1	2200	Other payables (Note 6(21))	283,508	4	335,785	5
1210	Other accounts receivable - related parties (Note 6 (5) and Note 7)	36,101	-	26,445	-	2220	Other accounts payable - related parties (Note 7)	10,420	-	1,293	-
1220	Income tax assets for the period	177	-	50	-	2230	Income tax liabilities for the period	52,448	1	58,143	1
130X	Inventories (Note 6 (7))	296,474	4	272,537	4	2280	Lease liabilities - current (Note 6(19))	140,853	2	118,503	2
1410	Prepayments (Note 7)	45,137	1	48,512	1	2322	Long-term borrowings due within one year (Note 6(18) and 8)	121,207	2	31,753	-
1470	Other current assets	9,994	-	3,000	-	2323	Long-term accounts payable due in one year	2,746	-	2,658	-
	Total current assets	3,239,624	44	3,192,478	43	2399	Other current liabilities	36,471	-	11,964	-
Non-current assets:							Total current liabilities	1,964,972	26	1,729,560	23
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (2))	19,684	-	82,086	1	Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	814,972	11	680,880	9	2540	Long-term borrowings (Note 6(18) and 8)	1,005,678	14	967,623	14
1536	Financial assets at amortized cost - non-current (Note 8)	44,500	1	40,590	1	2570	Deferred income tax liabilities (Note (23))	33,238	1	17,821	-
1550	Equity method investments (Note 6 (9))	76,578	1	69,965	1	2580	Lease liabilities - non-current (Note 6(19))	449,914	6	526,576	7
1600	Property, plant and equipment (Note 6(11) and 8)	1,676,551	23	1,694,731	23	2612	Long-term payables	8,440	-	11,187	-
1755	Right-of-use assets (Note 6(12))	407,790	5	461,074	6	2640	Net defined benefit liabilities - non-current	8,231	-	7,972	-
1760	Investment property (Note 6(13) and 8)	338,194	5	346,792	5	2645	Deposits received (Note 7)	19,606	-	18,022	-
1780	Intangible assets (Note 6(14))	337,124	4	342,674	5		Total non-current liabilities	1,525,107	21	1,549,201	21
1840	Deferred income tax assets (Note (23))	12,982	-	10,975	-		Total liabilities	3,490,079	47	3,278,761	44
194D	Net long-term finance lease receivables (Note 6(6), (27) and 7)	24,626	-	11,879	-	Equity (Note 6(8), (10) and (24)):					
1990	Other non-current assets (Note 6(15) and 7)	452,913	6	443,632	6	3110	Ordinary share capital	1,260,443	17	1,200,422	16
	Total non-current assets	4,205,914	56	4,185,278	57	3200	Additional paid-in capital	1,155,834	15	1,264,508	17
						3310	Statutory reserves	216,895	3	187,098	3
						3320	Special reserves	-	-	26,136	-
						3350	Undistributed earnings	732,111	10	734,669	11
						3410	Exchange difference from translation of the financial statements of foreign operations	(2,507)	-	(2,089)	-
						3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	125,160	2	8,515	-
							Total equity attributable to owners of the parent company	3,487,936	47	3,419,259	47
						36xx	Non-controlling interests	467,523	6	679,736	9
							Total equity	3,955,459	53	4,098,995	56
							Total liabilities and equity	\$ 7,445,538	100	7,377,756	100
Total assets		\$ 7,445,538	100	7,377,756	100						

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd. and its subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(27) and 7)	\$ 3,873,384	100	4,137,132	100
5000	Operating costs (Notes 6(7), (11), (12), (22) and 7)	(3,147,007)	(81)	(3,153,221)	(76)
	Gross profit	726,377	19	983,911	24
	Operating expenses (Notes 6(4), (11), (12), (19), (22), and 7):				
6100	Marketing expenses	(225,234)	(6)	(229,331)	(6)
6200	Administrative expenses	(471,935)	(12)	(488,669)	(12)
6300	R&D expenses	(12,302)	-	(16,395)	-
6235	Expected credit (impairment losses) gains on reversal	(3,093)	-	2,025	-
	Total operating expenses	(712,564)	(18)	(732,370)	(18)
6500	Other gains and losses, net (Note 6(29))	105,286	2	87,575	2
	Net operating income	119,099	3	339,116	8
	Non-operating income and expenses (Note 6(9), (19) and (30)):				
7100	Interest income	8,321	-	3,134	-
7010	Other income	27,570	1	76,072	2
7020	Other gains and losses	9,510	-	(39,826)	(1)
7050	Finance costs	(53,665)	(1)	(38,158)	(1)
7770	Share of losses of affiliates recognized by the equity method	(1,851)	-	(400)	-
	Total non-operating income and expenses	(10,115)	-	822	-
7900	Net income before tax	108,984	3	339,938	8
7950	Income tax expenses (Note 6(23))	(53,719)	(1)	(95,828)	(2)
	Net income for the period	55,265	2	244,110	6
8300	Other comprehensive income (Note 6(23) and (24)):				
8310	Items not reclassified to profit or loss				
8311	Remeasurement amount of defined benefit plans	82	-	2,830	-
8316	Unrealized valuation profits and losses on equity instrument investments at fair value through other comprehensive income	133,773	3	22,604	-
8320	Share of other comprehensive income of affiliates recognized by the equity method	(3,141)	-	(6)	-
8349	Less: income taxes related to non-reclassified items	16,293	-	6,153	-
	Total items not reclassified to profit or loss	114,421	3	19,275	-
8360	Items that may be reclassified to profit or loss subsequently				
8361	Exchange difference from translation of the financial statements of foreign operations	(522)	-	2,121	-
8399	Less: income taxes related to items that may be reclassified	(104)	-	387	-
	Total items that may be reclassified to profit or loss subsequently	(418)	-	1,734	-
8300	Other comprehensive income for the period	114,003	3	21,009	-
8500	Total comprehensive income for this period	\$ 169,268	5	265,119	6
	Net profit attributable to (Note 6(10)):				
8610	Owners of the parent company	\$ 124,557	4	293,946	7
8620	Non-controlling interests	(69,292)	(2)	(49,836)	(1)
	Total comprehensive income attributable to (Note 6(10)):	\$ 55,265	2	244,110	6
8710	Owners of the parent company	\$ 240,822	6	331,172	8
8720	Non-controlling interests	(71,554)	(1)	(66,053)	(2)
	Earnings per share (NTD) (Note 6(26))				
9750	Basic earnings per share	\$ 0.99		2.33	
9850	Diluted earnings per share	\$ 0.98		2.32	

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd. and its subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Ordinary share capital	Additional paid-in capital	Statutory reserves	Special reserves	Undistributed earnings	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance on January 1, 2022	\$ 1,143,259	1,267,418	163,624	33,469	567,167	(3,173)	(22,962)	3,148,802	734,492	3,883,294
Net income for the period	-	-	-	-	293,946	-	-	293,946	(49,836)	244,110
Other comprehensive income for the period	-	-	-	-	1,817	1,084	34,325	37,226	(16,217)	21,009
Total comprehensive income for this period	-	-	-	-	295,763	1,084	34,325	331,172	(66,053)	265,119
Allocation and distribution of earnings:										
Appropriation of legal reserve	-	-	23,474	-	(23,474)	-	-	-	-	-
Common share cash dividend	-	-	-	-	(57,163)	-	-	(57,163)	(2,161)	(59,324)
Ordinary share stock dividend	57,163	-	-	-	(57,163)	-	-	-	-	-
Reversal of special reserves	-	-	-	(7,333)	7,333	-	-	-	-	-
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	-	1,664	-	-	-	-	-	1,664	-	1,664
Changes in ownership interests in subsidiaries	-	(4,574)	-	-	2,209	-	(2,848)	(5,213)	4,508	(705)
Increase of non-controlling interests	-	-	-	-	-	-	-	-	2,000	2,000
Share-based payment transaction	-	-	-	-	-	-	-	-	6,950	6,950
Others	-	-	-	-	(3)	-	-	(3)	-	(3)
Balance on December 31, 2022	1,200,422	1,264,508	187,098	26,136	734,669	(2,089)	8,515	3,419,259	679,736	4,098,995
Net income for the period	-	-	-	-	124,557	-	-	124,557	(69,292)	55,265
Other comprehensive income for the period	-	-	-	-	38	(418)	116,645	116,265	(2,262)	114,003
Total comprehensive income for this period	-	-	-	-	124,595	(418)	116,645	240,822	(71,554)	169,268
Allocation and distribution of earnings:										
Appropriation of legal reserve	-	-	29,797	-	(29,797)	-	-	-	-	-
Common share cash dividend	-	-	-	-	(60,021)	-	-	(60,021)	(2,426)	(62,447)
Ordinary share stock dividend	60,021	-	-	-	(60,021)	-	-	-	-	-
Reversal of special reserves	-	-	-	(26,136)	26,136	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(108,674)	-	-	(3,450)	-	-	(112,124)	(138,433)	(250,557)
Increase or decrease of non-controlling interests	-	-	-	-	-	-	-	-	200	200
Balance on December 31, 2023	\$ 1,260,443	1,155,834	216,895	-	732,111	(2,507)	125,160	3,487,936	467,523	3,955,459

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd. and its subsidiaries

Consolidated Cash Flow Statement

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flows from operating activities:		
Net income before tax for the period	\$ 108,984	339,938
Items adjusted:		
Income and expense items		
depreciation expense	290,103	282,501
Amortization expenses	30,472	24,648
Expected credit impairment losses (gains on reversal)	3,093	(2,025)
Net gains on financial assets at fair value through profit or loss	(8,891)	(2,897)
Interest expenses	53,665	38,158
Interest income	(8,321)	(3,134)
Dividend income	(1,943)	(2,922)
Share of losses of affiliates recognized by the equity method	1,851	400
Gains on disposal and retirement of properties, plants and equipment	(23,906)	(9,134)
Gains on disposal of subsidiaries' investments	-	(66)
Impairment losses on non-financial assets	-	51,466
Unrealized foreign exchange losses (gains)	866	(1,032)
Lease modification gains	(502)	603
Total income and expense items	<u>336,487</u>	<u>376,566</u>
Changes in assets/liabilities related to operating activities:		
Notes receivable (including related parties)	850	2,889
Accounts receivable (including related parties)	(147,317)	(144,986)
Lease payments receivable (including related parties)	(22,032)	8,402
Other receivables (including related parties)	18,297	3,380
Inventories	(517)	18,842
Prepayments	3,375	(4,623)
Other current assets	(6,993)	3,422
Notes payable (including related parties)	(4,580)	1,168
Accounts payable (including related parties)	44,079	150,847
Other payables (including related parties)	(6,770)	32,861
contract liability	7,037	(1,755)
Other current liabilities	24,607	(6,310)
Net defined benefit liabilities	(151)	(147)
Total net changes in assets and liabilities related to operating activities	<u>(90,115)</u>	<u>63,990</u>
Cash inflow from operation	355,356	780,494
Interests received	8,321	3,134
Interests paid	(48,897)	(36,848)
Income taxes paid	<u>(57,647)</u>	<u>(104,312)</u>
Cash inflow from operating activities	<u>257,133</u>	<u>642,468</u>

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (27,020)	(140,707)
Disposal of financial assets at fair value through other comprehensive income	-	12,562
Capital returned due to capital reduction in financial assets at fair value through other comprehensive income	26,701	16,250
Disposal of financial assets at fair value through profit or loss	71,171	3,548
Acquisition of long-term equity method investments	(12,000)	(73,900)
Acquisition of financial assets at amortized cost	(31,006)	755
Acquisition of property, plant and equipment	(250,306)	(1,265,977)
Disposal of property, plant and equipment	40,530	110,565
(Increase) decrease in refundable deposits	(19,735)	(2,429)
Increase in other receivables- related parties	(10,132)	(8,834)
Acquisition of intangible assets	(26,899)	(18,071)
Increase in other non-current assets	9,150	(10,259)
Dividends received	1,943	2,922
Cash outflow from investing activities:	<u>(227,603)</u>	<u>(1,373,575)</u>
Cash flows from financing activities:		
Increase in short-term loans	101,213	30,520
Borrowing of long-term loans	158,299	1,194,000
Repayment of long-term loans	(30,790)	(352,151)
Increase in deposits received	1,584	9,096
Lease principal payment	(120,542)	(124,809)
Distribution of cash dividends	(62,447)	(59,324)
Buyback cost of treasury stock	(227,434)	-
Changes in non-controlling interests	(271)	8,950
Cash (outflow) inflow from financing activities	<u>(180,388)</u>	<u>706,282</u>
Impact of exchange rate changes on cash and cash equivalents	(1,302)	2,834
Decrease in cash and cash equivalents for the period	(152,160)	(21,991)
Balance of cash and cash equivalents at the beginning of the period	1,535,182	1,557,173
Balance of cash and cash equivalents at the end of the period	<u><u>\$ 1,383,022</u></u>	<u><u>1,535,182</u></u>

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd. and its subsidiaries

Notes to Consolidated Financial Statements

2023 and 2022

(Unless otherwise specified, all amounts are in NT\$ thousand)

I. Company History

ShareHope Medicine Co., Ltd. (hereinafter referred to as the Company) was established with the approval of the Ministry of Economic Affairs on October 13, 2003, with its registered address at 19th Floor, No. 168 Jingguo Road, Taoyuan District, Taoyuan City. The Company and its subsidiaries (hereinafter referred to as the Consolidated Company) are mainly engaged in wholesale and retail sales of medicines and hygiene materials, leasing of assets for medical institutions to undertake related medical services, and physical examinations for Taiwanese people and foreign labors, on-site medical support services, hemodialysis business management, ophthalmic medical management, clothing-related management services, manufacturing, processing and sales of various non-woven fabrics and management consulting for chain pharmacies in collaboration with medical institutions.

II. Date and Procedure of the Approval of the Financial Statements

The Consolidated Financial Statements was approved and issued by the Board of Directors on March 15, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) The impact of adopting newly issued and amended standards and interpretations approved by the Financial Supervisory Commission

The Consolidated Company adopted the following newly amended terms of the IFRSs on January 1, 2023, which made no significant impact on the Consolidated Financial Statements.

- Amendment to “Disclosure of Accounting Policies” under IAS 1
- Amendment to “Definition of Accounting Estimates” under IAS 8
- Amendment to “Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction” under IAS 12

(II) The impact of not yet adopting the IFRSs approved by the Financial Supervisory Commission

The Consolidated Company adopted the following newly amended terms of the IFRSs effective from January 1, 2024, based on evaluation, which will not have a significant impact on the Consolidated Financial Statements.

- Amendment to “Classification of Liabilities as Current or Non-current” under IAS 1
- Amendment to “Non-current Contractual Liabilities” under IAS 1
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to “Requirements for Sale and Leaseback Transactions” under IFRSs 16

(III) Newly issued and amended standards and interpretations that have not yet been approved by the Financial Supervisory Commission

The Consolidated Company expects that the following unapproved newly issued and amended standards will not have a significant impact on the Consolidated Financial Statements.

- Amendment to “Sales or Investment of Assets between Investors and Their Affiliates or Joint Ventures” under IFRSs 10 and IAS 28
- Amendment to “Insurance Contracts” under IFRSs 17 and amendment to IFRSs 17
- Amendment to “Comparative Information on the Initial Application of IFRSs 17 and IFRSs 9” under IFRSs 17
- Amendments to IAS 21 “Lack of Exchangeability”

IV. Summary of Major Accounting Policies

The major accounting policies adopted in the Consolidated Financial Statements, which have been consistently applied to all periods stated in the Consolidated Financial Statements, are summarized as follows:

(I) Compliance statement

The Consolidated Financial Statements is prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers (hereinafter referred to as the "Preparation Regulations"), and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "International Financial Reporting Standards and accounting standards recognized by the Financial Supervisory Commission").

(II) Preparation basis

1. Measurement basis

The Consolidated Financial Statements is prepared on the basis of historical cost, except for the following important items in the balance sheet:

- (1) Financial assets at fair value through profit or loss based on fair value measurement;
- (2) Financial assets at fair value through other comprehensive income based on fair value measurement; and
- (3) Net defined benefit liabilities (or assets) which are measured by deducting the present value of defined benefit obligations from the fair value of pension fund assets.

2. Functional currency and presentation currency

The Combined Company takes the currencies dominant in the primary economic environment in which it operates as its functional currencies. The Consolidated Financial Statements is presented in New Taiwan dollars, one of the functional currencies of the Combined Company. All financial information expressed in New Taiwan Dollars is presented in NT\$ thousand.

(III) Combination basis

1. Principles for the preparation of the Consolidated Financial Statements

The entities responsible for preparing the Consolidated Financial Statements include the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an entity when the Company is exposed to variable returns from its involvement in the investee entity or has rights to the variable returns, and has the ability to affect such returns through its power over the investee entity.

From the date when the Company gains control over a subsidiary, the financial statements of such subsidiary shall be incorporated into the Consolidated Financial Statements until the date of loss of control.

The transactions among the combined companies, as well as balances and any unrealized gains and losses have been fully cancelled upon the preparation of the Consolidated Financial Statements. The total comprehensive income of a subsidiary is attributed to the owners of the Company and to the non-controlling interests respectively, even if the non-controlling interests become deficit balances consequently.

Changes in the ownership interests of the Combined Company in subsidiaries that do not lead to loss of control shall be accounted for as equity transactions with the owners. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributed to the owners of the Company.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

2. Subsidiaries included in the Consolidated Financial Statements

Name of investor	Name of subsidiary	Nature of business	Percentage of equity held		Explanation
			December 31, 2023	December 31, 2022	
The Company	Chungyuan Medical Management Co., Ltd. (hereinafter referred to as Chungyuan Medical Management Company)	Management Consulting Services	100.00%	100.00%	
The Company	Mytrex Health Technologies Co., Ltd. (hereinafter referred to as Mytrex Health Company, formerly known as Mytrex Co., Ltd.)	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	61.46%	61.46%	
The Company	ShareHope Medicine (HongKong) Co., Ltd. (hereinafter referred to as ShareHope Hong Kong Company)	Investment management	100.00%	100.00%	
The Company	Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd. (hereinafter referred to as Minsheng Asia-Pacific (Beijing) Company)	Hospital management consulting services	100.00%	100.00%	
The Company	Pregetic Medical Health Co., Ltd. (hereinafter referred to as Pregetic Health Company)	Health management services	38.90%	38.90%	
The Company	Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia, formerly known as Medzoneasia Co., Ltd.)	Health management services and hotels	91.47%	60.21%	Note 1
The Company	Shengshih Technology Co., Ltd. (hereinafter referred to as Shengshih Company, formerly known as Hungxin Management Consulting Co., Ltd.)	Management Consulting Services	100.00%	100.00%	
The Company	Sheng Tai Food Technology Co., Ltd. (hereinafter referred to as "Sheng Tai Company")	Food and beverage retail	80.00%	-	% Note 3
The Company	YWLT Co., Ltd. (hereinafter referred to as YWLT Company)	Biotechnology Services	100.00%	-	% Note 4
Mytrex Health Company	Mytrex Industries Inc. (hereinafter referred to as Mytrex)	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	100.00%	100.00%	
Mytrex Health Company	Mytrex USA Co. (formerly known as TSVC Co.)	Health care support services	88.89%	88.89%	
Mytrex Health Company	Sheng Yo Rehabilitative Technologies, Inc. (hereinafter referred to as Sheng Yo Company)	Health management services	90.91%	90.91%	
Mytrex Health Company	YES Health Co., Ltd. (hereinafter referred to as YES Health Company)	Wholesale and trading of medicines and management consulting for pharmacies	100.00%	-	Note 2
Medzoneasia	TECHGROUP Integrate Design Co., Ltd. (hereinafter referred to as TECHGROUP)	Medical information software services	51.00%	51.00%	
Medzoneasia	Macro Global Co., Ltd. (hereinafter referred to as Macro Global Corporation, formerly known as Macro Co., Ltd.)	Wholesale and trading of medicines	-	100.00%	Note 2
Medzoneasia	YES Health Company	Wholesale and trading of medicines and management consulting for pharmacies	-	100.00%	Note 2
Medzoneasia	Digimed	Information software services	60.00%	60.00%	
YES Health Company	Digimed	Information software services	20.00%	20.00%	
ShareHope (Hong Kong) Company	Minsheng (Tianjin) Investment Management Co., Ltd. (hereinafter referred to as Minsheng (Tianjin) Investment Company)	Investment management	100.00%	100.00%	
Pregetic Health Company	Hung-Han Health Business Co., Ltd. (hereinafter referred to as Hung-Han Company)	Health management services	100.00%	100.00%	
Pregetic Health Company	Fuyi Health Management Consulting Co., Ltd. (hereinafter referred to as Fuyi Company)	Health management services	100.00%	100.00%	
Pregetic Health Company	Chinachem Biomedical Co., Ltd. (hereinafter referred to as Chinachem)	Healthcare services	50.00%	-	%
Hung-Han Company	Hanting Digital Technology Co., Ltd. (hereinafter referred to as Hanting Company)	Information software services	66.67%	100.00%	
Hung-Han Company	Chinachem	Healthcare services	50.00%	100.00%	
Hung-Han Company	Macro Global Corporation	Wholesale and trading of medicines	100.00%	-	Note 2
Macro Global Corporation	Hanting Digital Technology Co., Ltd. (hereinafter referred to as Hanting Company)	Information software services	33.33%	-	Note 5

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Name of investor	Name of subsidiary	Nature of business	Percentage of equity held		Explanation
			December 31, 2023	December 31, 2022	
Note 1:	In March 2023, Medzoneasia bought back treasury stock, resulting in an increase in the Company's shareholding ratio.				
Note 2:	In February and March 2023, Medzoneasia respectively transferred all the equity they held in Macro Global Corporation and YES Health Company to Hung-Han Company and Mytrex Health Company, resulting in a change in the shareholding ratio.				
Note 3:	The Company and other investors jointly contributed to the establishment of Sheng Tai Company on July 5, 2023. The company has completed the statutory change registration procedures, so the Consolidated Company has acquired control over it and thus incorporated it into the Consolidated Financial Statements.				
Note 4:	The Company invested and established YWLT Company on August 11, 2023. The company has completed the statutory change of registration process, so the Consolidated Company has acquired control over it and thus incorporated it into the Consolidated Financial Statements.				
Note 5:	Macro Global Corporation acquired the equity of Hanting Company in December 2023 by cash capital increase.				

3. Subsidiaries not included in the Consolidated Financial Statements: none

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currencies are translated into functional currencies at the exchange rate on the transaction date through foreign currency transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated into functional currencies at the exchange rate on that day.

Foreign currency non-monetary items measured at fair value are translated into functional currencies at the exchange rate on the date of fair value measurement, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date. Foreign currency exchange differences arising from translation are normally recognized in profit or loss, except for equity instruments measured at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are translated into New Taiwan dollars at the exchange rate at the reporting date, and income and expenses are translated into New Taiwan dollars at the average exchange rate of the current period. The exchange differences generated thereof are recognized in other comprehensive income.

When the disposal of a foreign operation results in loss of control, joint control, or significant impact, the cumulative exchange differences related to the foreign operation shall be reclassified into profit or loss in full. Upon partial disposal of a subsidiary with foreign operations, the related cumulative translation differences shall be reattributed to non-controlling interests on a pro-rata basis. Upon partial disposal of investments in affiliates or joint ventures with foreign operations, the related cumulative translation differences shall be reclassified to profit or loss on a pro-rata basis.

If there is no settlement plan for the monetary receivables or payables of a foreign operation and they are impossible to settle in the foreseeable future, foreign exchange gains and losses arising therefrom shall be regarded as part of the net investment in the foreign operation and recognized in other comprehensive income.

(V) Classification criteria for distinguishing current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, while any asset other than current assets is classified as non-current assets:

1. The asset is expected to be realized in the normal operating cycle of an enterprise, or is intended for selling or consumption;

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

2. The asset is held primarily for trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalent, except for assets subject to other restrictions on exchanging such assets or settling liabilities by the assets at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while any liability other than current assets is classified as non-current liabilities:

1. The liability is expected to be settled in the normal operating cycle of an enterprise;
2. The liability is held primarily for trading;
3. The liability is expected to be settled within 12 months after the reporting period; or
4. The liability belongs to liabilities for which the enterprise does not have the right to unconditionally defer settlement for at least 12 months after the reporting period. The terms concerning liabilities, which stipulate that liabilities may be settled by issuing equity instruments at the option of the counterparty, do not affect the classification of such liabilities.

(VI) Cash and cash equivalents

Cash includes cash on hand, cheques, and demand deposits. A cash equivalent refers to a short-term and highly liquid investment that can be converted into a fixed amount of cash at any time with minimal risk of value fluctuation. Time deposits that meet the aforementioned definition and are held for short-term cash commitments rather than investment or other purposes are presented in cash equivalents.

(VII) Financial instruments

Accounts receivable are initially recognized when incurred. All other financial assets and liabilities are initially recognized when the Combined Company becomes a party to the contractual terms of the instruments. Financial assets or financial liabilities not at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financing components are initially measured at transaction prices.

1. Financial assets

For the purchase or sale of financial assets in compliance with customary transactions, the Combined Company shall consistently adopt the trade date or settlement date accounting for all purchases and sales of financial assets classified in the same manner.

Financial assets upon initial recognition are classified as investments in equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Combined Company shall reclassify all affected financial assets from the first day of the next reporting period only if it changes its operating model for financial asset management.

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

At initial recognition, the Combined Company may make an irrevocable election to present the subsequent changes in the fair value of investments in equity instruments not held for trading in other comprehensive income. The aforementioned election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of an investment) is recognized in profit or loss. The remaining net profits or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date on which the Combined Company is entitled to receive the dividend (usually the ex-dividend date).

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

Financial assets that do not belong to the aforementioned financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Combined Company shall irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Such assets are subsequently measured at fair value, and their net profits or losses (including any dividends and interest income) are recognized in profit or loss.

(3) Impairment of financial assets

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

The Combined Company shall recognize expected credit losses on financial assets measured at amortized cost (including cash and equivalents, notes and accounts receivable (including related parties), other receivables, finance lease receivables, and deposits) in loss allowances.

The loss allowances of the following financial assets are measured at 12-month expected credit losses, while those of other financial assets are measured at lifetime expected credit losses.

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

The loss allowances for notes and accounts receivable (including related parties) and finance lease receivables are measured at lifetime expected credit losses.

Lifetime expected credit losses refer to expected credit losses resulting from all possible default events over the expected life of the financial instrument.

12-month expected credit losses refer to expected credit losses resulting from financial instrument default events that are possible within 12 months after the reporting date (or a shorter period, if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for measuring expected credit losses is the longest contract period during which the Combined Company will be exposed to credit risk.

In case of determining whether the credit risk has increased significantly since initial recognition, the Combined Company shall consider reasonable and verifiable information (obtainable without excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the past experience, credit evaluation, and forward-looking information of the Combined Company.

If a contract payment is more than 120 days overdue, the Combined Company shall assume that there are signs of credit risk on the financial asset.

If a contract payment is more than 180 days overdue, the Combined Company shall consider the financial asset to be in default.

Expected credit losses are the probability-weighted estimates of the expected lifetime credit losses of financial instruments. Credit losses, which are measured at the present value of all cash shortfalls, are the difference between the cash flows that the Combined Company can receive under the contract and the cash flows that the Combined Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

The Combined Company shall evaluate whether the financial assets measured at amortized cost are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences of credit impairment of financial assets include observable information about the following situations:

- Significant financial difficulties of the issuer;
- Default, such as more than 180 days delayed or overdue; or
- Disappearance of an active market for that financial asset due to financial difficulties.

When the Combined Company cannot reasonably expect the recovery of a financial asset in whole or in part, it shall directly reduce the total carrying amount of the financial asset. For corporate accounts, the Combined Company shall analyze the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable, and expect that the written-off amount will not be significantly reversed. However, written-off financial assets are still enforceable to comply with the Combined Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Combined Company shall derecognize a financial asset when it has terminated its contractual rights to the cash flows from the asset, or has transferred the

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

financial asset and has transferred substantially all the risks and rewards of ownership of the asset to other enterprises, or has neither transferred nor retained substantially all the risks and rewards of the ownership and has not retained control over the financial asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Combined Company are classified as either financial liabilities or as equity based on the substance of the contractual agreements and the definitions of the financial liabilities and equity instruments.

(2) Equity transaction

An equity instrument refers to any contract that evidences a residual interest in the assets of the Combined Company after deducting all of its liabilities. The equity instruments issued by the Combined Company are recognized as the amount obtained after deducting direct issuance costs.

(3) Financial liabilities

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

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

(4) Derecognition of financial liabilities

The Combined Company shall derecognize financial liabilities when contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different from that of the original liability, the original financial liability shall be derecognized, and the new financial liability is recognized at fair value based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount and the total consideration paid or payable is recognized in profit or loss.

(5) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet only when the Company currently has a legally enforceable right to set off the asset and liability, and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

An embedded derivative is separated from the host contract provided that certain conditions are met and the host contract is not a financial asset.

A derivative is initially recognized and subsequently measured at fair value, and any gain or loss arising from remeasurement is directly recognized in profit or loss.

(VIII) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes the acquisition, production, or processing costs and other costs incurred in bringing the inventories to

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

the location and condition in which they are available for use, and is calculated by the weighted average method. The costs of inventories of finished goods and work-in-progress include production overheads apportioned in appropriate proportions based on normal production capacity.

Net realizable value refers to the estimated selling price in the ordinary course of business minus the estimated completing and selling costs.

(IX) Investments in affiliates

An affiliate is one that the Combined Company has significant influence on its financial and operating policies but does not have control or share joint control over it.

The Combined Company adopts the equity method to account for its interests in affiliates. Under the equity method, the initial acquisition is recognized at cost, with the transaction costs included in the investment costs. The carrying amount of an investee affiliate includes the goodwill identified at original investment, minus any accumulated impairment loss.

The Consolidated Financial Statements covers the period from the date of significant influence to the date significant influence is lost. After adjustments consistent with the Company's accounting policies, the Company recognizes the profits and losses and other comprehensive income of each investee affiliate based on the equity ratio. In the event of a change in equity of an affiliate that is not in profit or loss or other comprehensive income and does not affect the shareholding ratio of the Combined Company, the Combined Company shall recognize the change in equity of the affiliate attributable to it in additional paid-in capital according to its shareholding ratio.

Unrealized gains and losses arising from transactions between the Combined Company and affiliates shall be recognized in corporate financial statements only within the scope of the equity of investors who are non-related parties in affiliates.

When the share of loss of an affiliate that shall be recognized by the Combined Company pro rata equals or exceeds its equity in the affiliate, it shall stop recognition of the loss. The additional losses and related liabilities shall be recognized only to the extent that legal obligations and constructive obligations have occurred or payments have been made on behalf of the investee.

(X) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost minus accumulated depreciation and any accumulated impairment.

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

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated by deducting residual value from the asset cost, and recognized in profit or loss over the estimated useful life by the straight-line method.

Land shall not be depreciated.

The estimated useful lives for the current and comparative periods are as follows:

(1) Houses and buildings	18~30 years
(2) Machinery and equipment	3~16 years
(3) Office equipment	2~10 years
(4) Transportation equipment	3~5 years
(5) Leasehold improvements	1~10 years
(6) Other equipment	1~10 years
(7) Leased assets	1~8 years

The Combined Company shall review the depreciation method, useful life, and residual value at each reporting day, and make appropriate adjustments when necessary.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(XI) Investment properties

Investment properties refer to real estates held to earn rentals or for capital appreciation (or both), rather than for sale in normal operation, production, provision of goods or services, or administrative purposes.

Investment properties are initially measured at cost and subsequently measured at cost minus accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value shall be accounted for in accordance with the regulations on property, plant and equipment.

Gains or losses on disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) shall be recognized in profit or loss.

When an investment property is reclassified as property, plant and equipment due to changes in purpose, it shall be reclassified based on the carrying amount at the time of the change in purpose.

(XII) Leases

The Combined Company shall assess whether a contract is or contains a lease at the date the contract is entered into. A contract is or contains a lease if the contract transfers control over the use of identified assets for a period of time in exchange for consideration.

1. Lessee

The Combined Company shall recognize the right-of-use assets and the lease liabilities at the commencement date of a lease. The right-of-use assets are initially measured at cost, which includes the original measurement amount of the lease liabilities.

The right-of-use assets are subsequently depreciated by the straight-line method from the commencement date of a lease to the maturity date of the useful life or the lease term of the right-of-use assets, whichever is earlier. In addition, the Combined Company shall assess whether the right-of-use assets are impaired on a regular basis and handle any impairment losses incurred, and adjust the right-of-use assets in conjunction with the remeasurement of the lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement date of a lease. If the interest rate implicit in the lease is easy to determine, the interest rate shall be the discount rate; if it is not easy to determine, it shall be the incremental borrowing rate of the Combined Company. In general, the Combined Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities include:

- (1) Fixed payments (including in-substance fixed payments);
- (2) Variable lease payments that are dependent on an index or a rate and are measured using the index or rate at the lease commencement date.
- (3) Interest is subsequently accrued on lease liabilities using the effective interest method and is remeasured under the following circumstances:
- (4) Changes in future lease payments due to changes in the index or rate used to determine lease payments;
- (5) Changes in the evaluation of the purchase option of the underlying assets;
- (6) Changes in the evaluation of the lease term due to changes in the estimation of whether to exercise extension or termination options;
- (7) Changes in the subject matter, scope, or other terms of the leases.

When a lease liability is remeasured due to changes in the index or rate used to determine lease payments as well as changes in the evaluation of purchase, extension, or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and the remaining remeasurement amount shall be recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of a lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Combined Company shall present the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For the short-term lease of some buildings and transportation equipment and the lease of low value underlying assets, the Combined Company chooses not to recognize the right-of-use assets and lease liabilities, but recognize the relevant lease payments as expenses during the lease term on a straight-line basis.

2. Lessor

Transactions in which the Combined Company is the lessor are classified at the commencement date of the lease based on whether the lease contracts transfer substantially all the risks and rewards attached to the ownership of the underlying asset. If so, the transactions are classified as finance leases, otherwise they are classified as operating leases. When evaluating, the Combined Company shall consider relevant specific indicators including whether the lease term covers the main part of the economic life of the underlying asset.

If the Combined Company is an intermediate lessor in a sublease, the master lease and sublease transactions shall be handled separately, and the sublease transaction shall be classified based on evaluation on the right-of-use asset generated by the master lease. If the master lease is a short-term lease and the recognition exemption applies, the sublease transaction shall be classified as an operating lease.

Assets held under finance leases are presented as finance lease receivables at the net investments in the leases. The original direct costs arising from negotiation and arrangement of an operating lease is included in the net investment in the lease. The net investment in lease is apportioned and recognized as interest income during the lease term in a manner that reflects the fixed rate of return for each period. For operating leases, the Combined Company recognizes the lease payments received as rental income on a straight-line basis during the lease term.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Intangible assets with a limited useful life acquired by the Combined Company are measured at cost less accumulated amortization.

2. Subsequent expenditures

Subsequent expenditures are capitalized only if the future economic benefits of the relevant specific assets can be increased. All other expenditures are recognized in profit or loss as incurred.

3. Amortization

Amortization is measured at asset cost less estimated residual value, and is recognized in profit or loss by the straight-line method over the expected useful lives of the intangible assets from the time when they are serviceable, except for goodwill and trademark rights, which may be extended over their legal lives at a minimal cost upon expiration, and are regarded as intangible assets with indefinite useful lives since the management of the Combined Company believes that the Combined Company has the intention and ability to extend their useful lives on an ongoing basis.

(1) Computer software	3 years
(2) Management rights	12 years
(3) Customer relation	7~10 years
(4) Membership list	3 years

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(5) Franchise	10 years
(6) Technology authorization	5 years
(7) Specialized technology	10 years
(8) Lease contracts	10 years

The Combined Company shall review the amortization method, useful life, and residual value of intangible assets at each reporting day, and make appropriate adjustments when necessary.

(XIV) Impairment of non-financial assets

The Combined Company shall evaluate whether there are any signs of impairment in the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) at each reporting date. In case of any such sign, the recoverable amount of the assets shall be estimated.

For the purpose of impairment test, a group of assets with the majority of cash inflows independent of the cash inflows of other individual assets or asset groups is designated as the smallest identifiable asset group. Goodwill shall be tested for impairment on an annual and regular basis.

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

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

An impairment loss shall be recognized immediately in profit or loss. In a cash-generating unit, the carrying amount of the amortized goodwill is reduced first; then the carrying amount of other assets is reduced pro rata.

An impairment loss for goodwill is never reversed. Non-financial assets other than goodwill are reversed only if they are not above the carrying amount (net of depreciation or amortization) that they would have been without the recognized impairment loss in previous years.

(XV) Recognition of revenue

Revenue from contracts with customers is measured by the consideration to which they are expected to be entitled for the transfer of goods or services. The Combined Company recognizes the revenue when control of goods or services is transferred to customers and performance obligations are fulfilled.

1. Sales of goods

Revenue from product sales mainly comes from sales of products such as medicines and medical materials. The Company recognizes revenue and accounts receivable when the customer has rights to determine the value of and use the products and bears the primary responsibility for re-selling the products and the risk of obsolescence after the products sold arrive at the place designated by the customer or the products are actually delivered to the customer. Prepayments for product sales are recognized as contract liabilities before the transfer of control of the product to the customer.

2. Service income

Service income mainly comes from undertaking physical examinations for Taiwanese people and foreign labors, on-site medical support services, hemodialysis business management, ophthalmic medical management in collaboration with medical institutions, and is recognized as income when performance obligations are fulfilled.

3. Income from medical equipment rental

The Combined Company provides medical equipment leasing services and recognizes related income during the financial reporting period for providing labor services.

Estimates of revenue, costs and completion are modified in case of any change, and

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
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the resulting increase or decrease will be reflected in profit or loss during the period when the management becomes aware of the change and makes correction.

Under a fixed price contract, the customer pays a fixed amount according to the agreed schedule. Services provided that exceed the payment are recognized as a contract asset, while a payment that exceeds the services provided is recognized as a contract liability.

4. Authorization income

The original franchise license of the Combined Company to the franchise chains includes assisting the franchise stores with relevant education and training and granting the authorization of operation and management technology at the initial stage of opening. The nature of the franchise license is to provide intellectual properties to the franchise stores during the authorization period. The original franchise fee is recognized when the Combined Company completes the original labor services and other obligations covered by the franchise authorization. The continuous franchise fee calculated based on sales is recognized when real sales occur at franchise stores.

(XVI) Government grants

The Combined Company recognizes the unconditional government grants as non-operating income when it can receive the grants from the government's economic ecosystem promotion program. Government grants to compensate for the expenses or losses incurred by the Combined Company are recognized in profit or loss on a systematic basis over the same period as relevant expenses.

(XVII) Employee benefits

1. Defined contribution plans

Contribution obligations to the defined contribution pension plans are recognized as expenses over the period in which the employees render services.

2. Defined benefit plans

The Combined Company's net obligations to the defined benefit plans are calculated by converting the future benefit amount earned from services provided by employees in the current or previous period for each benefit plan into the present value, less the fair value of any plan assets.

The defined benefit obligations are actuarialized annually by a qualified actuary using the projected unit credit method. Assets are recognized to the extent of not exceeding the present value of any economic benefits that would be available in the form of refunds of contributions from the plan or reductions in future contributions to the plan when the calculations may be favorable to the Combined Company. The present value of economic benefits is calculated in consideration of any minimum funding requirement.

The remeasurement amount of net defined benefit liabilities (assets), including actuarial profits and losses and any change in return on plan assets (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Combined Company determines the net interest expenses on the net defined benefit liabilities based on the net defined benefit liabilities and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses of defined benefit plans are recognized in profit or loss.

Any change in benefits related to prior service costs or reduced benefits or losses arising from program modifications and reduction are immediately recognized in profit or loss. The Combined Company recognizes gains or losses on the settlement of a defined benefit plan upon the occurrence of liquidation.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are rendered. If the Combined Company has a present legal or constructive obligation to pay for the prior services rendered by employees and the obligation can be reliably estimated, the amount is recognized as a liability.

(XVIII) Share-based payment transactions

The equity-settled share-based payment agreement is recognized as an expense at the fair value of the equity at the grant date and the relative equity is increased over the vesting period of

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

the award. The recognized expenses are adjusted according to the amount of awards that are expected to meet the service conditions and non-market vesting conditions, and the final recognized amount is measured based on the amount of awards that meet the service conditions and non-market vesting conditions at the vesting date.

The non-vesting conditions of share-based payment awards have been reflected in the measurement of the fair value of the share-based payment at the grant date, and the difference between the expected and actual results is not subject to verification and adjustment.

The grant date of a share-based payment of the Combined Company is the date on which the Board of Directors approves the subscription price as well as the number of shares that employees can subscribe for.

(XIX) Income taxes

Income tax includes current and deferred income taxes. Except for items directly recognized in other comprehensive income, current income taxes and deferred income taxes shall be recognized in profit or loss.

Current income taxes include the estimated income taxes payable or tax rebates receivable calculated based on the taxable (losses) income of the current year, as well as any adjustments to the income taxes payable of the previous years. The amount is the best estimate of the expected payables and receivables based on the statutory tax rate or substantively enacted tax rate at the reporting date.

Deferred income taxes are measured and recognized based on the temporary difference between the carrying amount of an asset or liability for financial reporting purposes and its tax base. Deferred income taxes are not recognized for temporary differences arising from:

1. Assets or liabilities that were not originally recognized for a business combination and does not affect accounting profits and taxable income (losses) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries and affiliates under the circumstances where the Combined Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Unused tax losses and unused income tax credits as well as deductible temporary differences are recognized as deferred income tax assets provided that it is probable that future taxable income will be available for use. And they shall be reassessed at each reporting date, and shall be reduced if it is not probable that related income tax benefit will be realized, or the original reduced amount shall be reversed if it becomes probable that sufficient taxable income will be available.

Deferred income taxes are measured at the tax rate when the expected temporary differences are reversed, based on the statutory tax rate or substantially enacted tax rate at the reporting date.

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

1. Has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities that are subject to income taxes by the same tax authority;
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be recovered or settled.

(XX) Business combination

The Combined Company measures goodwill at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interests in the acquiree, less the net amount of identifiable assets acquired and liabilities assumed (usually fair value). If the balance after deduction is negative, the Combined Company shall recognize the bargain purchase gain in profit or loss after reassessing whether all assets acquired and liabilities assumed have been correctly identified.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
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The Combined Company chooses to measure any non-controlling interest at either the fair value at the acquisition date or the ratio of the identifiable net assets to non-controlling interests on a transaction-by-transaction basis.

If the original accounting treatment of a business combination has not been completed before the end of the reporting period in which the combination transaction occurred, for the incomplete accounting items, the Combined Company shall report the provisional amounts which shall be retroactively adjusted during the measurement period, or shall recognize them as additional assets or liabilities to reflect new information obtained during the measurement period regarding the facts and circumstances that already existed at the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(XXI) Earnings per share

The Combined Company shall present the basic and diluted earnings per share (EPS) attributable to the ordinary equity holders of the Company. The basic EPS of the Combined Company is calculated by dividing the profits and losses attributable to the ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares in the current period. Diluted EPS is calculated by adjusting the profits and losses attributable to the ordinary equity holders of the Company and the weighted average number of outstanding ordinary shares for the effect of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Combined Company are distributed to employees as employee remuneration.

(XXII) Department information

An operating department is a component of the Combined Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Combined Company). The operating results are regularly reviewed by the Combined Company's chief operational decision-makers to make decisions about resources to be allocated to the departments and assess its performance. Individual financial information is available for each operating department.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates and Assumptions

The management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses in preparing the Consolidated Financial Statements. Actual results may differ from these estimates.

The management shall review estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future periods affected.

Accounting policies and major judgments as well as information that significantly affect the recognized amount in the Consolidated Financial Statements are as follows:

(I) Judgment on whether the Company has substantial control over the investee

The Company holds less than half (38.90%) of the voting rights of Pregetic Health Company. Nonetheless, as Pregetic Health Company's largest shareholder that actively participates in voting on major proposals at the shareholders' meeting, the Company has assessed that it has the actual ability to lead relevant activities, and there is no indication of collective decision-making agreements among other shareholders, so the Company regards Pregetic Health Company as one of its subsidiaries.

The uncertainty of the following assumptions and estimates carries a significant risk of causing a major adjustment to the carrying amount of assets and liabilities in the next financial year, and has already reflected the impact of the COVID-19 epidemic. The relevant information is as follows:

(I) Valuation of accounts receivable

When there are objective evidences indicating signs of impairment in the assumptions of default rate and expected loss rate of the Combined Company, the Combined Company shall make assumptions and select inputs for impairment assessment in consideration of past experience, current market conditions and forward-looking information. If the actual cash flows in the future are less than expected, a significant impairment loss may be incurred. Please refer to Note 6 (4) for details on the provision of accounts receivable impairment.

(II) Valuation of inventories

Given that inventories shall be measured at the lower of cost and net realizable value, the Combined Company values the amount of inventory due to normal wear and tear, obsolescence,

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

or lack of market value at the reporting date, and the inventory cost is written down to the net realizable value. The inventory valuation is mainly based on the product demand in a specific period in the future, and thus may vary with changes in the industry. Please refer to Note 6 (7) for details on inventory valuation.

- (III) Valuation of stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income

Given that stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income are measured at fair value, the Combined Company has to rely on external expert evaluation mechanisms to determine the fair value through human judgments, assumptions, and calculations on estimates. Changes in such assumptions due to changes in market and economic conditions may significantly affect the adjustment of fair value recognition. Please refer to Note 6 (3) for details on valuation of stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income.

- (IV) Impairment assessment of property, plant and equipment

In the course of asset impairment assessment, the Combined Company shall determine the independent cash flows, asset durability, and potential future profits and losses of a specific asset group based on subjective judgments, asset usage patterns and industry characteristics. Any estimated change arising from changes in economic conditions or company strategies may cause significant impairment or reversal of recognized impairment losses in the future.

- (V) Impairment assessment of intangible assets

The impairment assessment of goodwill acquired depends on the subjective judgments of the Combined Company. When determining whether the acquired goodwill is impaired, the goodwill acquired from the business combination is apportioned to the cash-generating units of the Combined Company that are expected to benefit from the comprehensive effects of the combination and the value in use of the goodwill allocated to the cash-generating units is estimated at the acquisition date. For calculation of the value in use, the management shall estimate the expected future cash flows from the goodwill allocated to the cash-generating units and determine the appropriate discount rate to be used for calculating the present value. If the actual cash flows are less than expected, a material impairment loss may be incurred.

The accounting policies and disclosures of the Combined Company include the fair value measurement of its financial assets. The Combined Company has established relevant internal control systems for fair value measurement, including significant fair value measurements (including Level 3 fair value measurements) reviewed by accountants, which shall be reported directly to the Chief Financial Officer. Accountants regularly review significant unobservable inputs and adjustments. If the inputs used to measure fair value are based on external third-party information, accountants will evaluate the evidence provided by the third party in support of the inputs to determine that the valuation and its fair value classification are in compliance with IFRSs.

The Combined Company shall adopt market observable inputs to measure its financial assets whenever possible. The fair value hierarchy categorizes the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs for assets or liabilities other than quoted prices included within Level 1 that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

In the event of a transfer among the levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date.

Please refer to Note 6 (31) below for information about the assumptions adopted in fair value measurement of financial instruments.

VI. Explanation of Significant Accounting Items

- (I) Cash and cash equivalents

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 5,956	5,051
Cheques, demand deposits and foreign currency deposits	1,326,305	1,479,706
Cash equivalents - repurchase bonds	50,761	50,425
	<u>\$ 1,383,022</u>	<u>1,535,182</u>

Please refer to Note 6 (31) for disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Combined Company.

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Fund beneficiary certificates	\$ 10,463	10,341
TPEX listed stocks	-	61,912
Non-TWSE/TPEX listed stocks	19,684	20,174
	<u>\$ 30,147</u>	<u>92,427</u>
Current	\$ 10,463	10,341
Non-current	19,684	82,086
	<u>\$ 30,147</u>	<u>92,427</u>

On February 21, 2023, the Consolidated Company disposed of all the equity at fair value through profit or loss in Crystalvue Medical Corporation. At disposal, its fair value was \$71,171, and the accumulated gain or loss on disposal was \$34,300.

Please refer to Note 6 (30) for the amount recognized in profit or loss based on fair value remeasurement.

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

Equity instruments at fair value through other comprehensive income:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023	December 31, 2022
Stocks issued by non-TWSE/TPEX listed companies	\$ 348,419	306,190
Stocks issued by non-listed foreign companies	341,871	273,661
Limited partnership interests	124,682	101,029
	<u>\$ 814,972</u>	<u>680,880</u>

The investments in equity instruments are held by the Consolidated Company as long-term strategic investments and not for trading purposes, and thus they have been designated to be measured at fair value through other comprehensive income.

The equity instruments of the limited partnerships invested in by the consolidated company are classified as financial assets at fair value through other comprehensive income. According to the IFRS Q&A issued by the Accounting Research and Development Foundation on June 15, 2023, such investments should be classified as financial assets at fair value through profit or loss. However, the Q&A states that it shall be applied from July 1, 2023. The equity instruments of the limited partnerships invested in by the consolidated company were acquired between 2020 and 2021, so there is no need for retrospective application.

Please refer to Note 6 (31) for credit risk and market risk information.

(IV) Notes and accounts receivable and finance lease receivables - current

	December 31, 2023	December 31, 2022
Notes receivable	\$ 12,273	13,123
Accounts receivable - measured at amortized cost	265,836	183,826
Accounts receivable-related parties - measured at amortized cost	1,105,850	1,038,039
Accounts receivable-finance lease payments - measured at amortized cost	291	388
Accounts receivable-related parties - finance lease payments - measured at amortized cost	13,429	6,026
Less: loss allowances	(7,657)	(4,608)
Unrealized interest income	(1,662)	(987)
	<u>\$ 1,388,360</u>	<u>1,235,807</u>

The Consolidated Company estimates the expected credit losses on notes and accounts receivable and financial lease receivables (including related parties) by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such notes and accounts receivable and financial lease receivables (including related parties) are grouped based on the common credit risk characteristics that represent customers' abilities to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

The expected credit losses on notes and accounts receivable and finance lease receivables (including related parties) of the Consolidated Company are analyzed as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,344,276	0%~0.52%	218
Less than 60 days overdue	23,705	0%~15%	434
61~90 days overdue	9,204	0%~100%	481
91-120 days overdue	6,270	0%~40%	860
More than 121 days overdue	12,562	0%~100%	5,664
	\$ 1,396,017		7,657

	December 31, 2022		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,223,714	0%~0.34%	223
Less than 60 days overdue	9,327	0%~10.00%	5
61~90 days overdue	109	0%~100%	-
91-120 days overdue	641	0%~40.00%	-
More than 121 days overdue	6,624	0%~100%	4,380
	\$ 1,240,415		4,608

The changes in the loss allowances for notes and accounts receivable and finance lease receivables (including related parties) of the Consolidated Company are analyzed in the table below:

	2023	2022
Beginning balance	\$ 4,608	6,624
Impairment losses (gains on reversal)	3,093	(2,037)
The irrecoverable amount written off in the current year	(17)	-
Foreign currency translation gains and losses	(27)	21
Ending balance	\$ 7,657	4,608

(V) Other receivables

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	December 31, 2023	December 31, 2022
Receivables from chain pharmacies	\$ 27,207	23,760
Receivables for disposal of premises	-	-
Other receivables-related parties	36,101	26,445
Others	11,457	32,725
Less: loss allowances	(865)	(882)
	<u>\$ 73,900</u>	<u>82,048</u>

The table of changes in loss allowances for other receivables of the Consolidated Company is as follows:

	2023	2022
Beginning balance	\$ 882	868
Foreign currency translation gains and losses	(17)	14
Ending balance	<u>\$ 865</u>	<u>882</u>

Please refer to Note 6(31) for other credit risk information.

(VI) Finance lease receivables

The Consolidated Company subleases machinery and equipment for a period of two to ten years, with an implied interest rate of 2% to 12.23% under the lease agreements, covering the entire remaining period of the main lease agreement. Therefore, such subleases are classified as finance leases.

The maturity analysis of lease payments is presented in the following table based on the undiscounted lease payments to be received after the reporting date:

	December 31, 2023	December 31, 2022
Less than one year	\$ 13,720	6,415
1~2 years	10,570	3,732
2~3 years	6,070	3,154
3~4 years	3,106	3,154
4~5 years	2,720	1,985
More than 5 years	4,203	1,598
Gross investment in the lease	40,389	20,038
Unearned finance income	(3,705)	(2,732)
Present value of lease payments receivable	<u>\$ 36,684</u>	<u>17,306</u>
Current	\$ 12,058	5,427
Non-current	24,626	11,879
	<u>\$ 36,684</u>	<u>17,306</u>

The Consolidated Company estimates the financial lease receivables by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such financial lease receivables are grouped based on the characteristics of the credit risks related to the ability

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

No loss allowance had to be provisioned due to increased risk of overdue credit losses on the financial lease receivables of the Combined Company on December 31, 2023 and 2022.

(VII) Inventories

	December 31, 2023	December 31, 2022
Medicines and medical materials	\$ 40,772	36,852
Raw materials	27,486	30,274
Work in progress	533	2,210
Finished good	28,478	29,147
Commodity	198,000	174,054
Medical equipment	1,205	-
	<u>\$ 296,474</u>	<u>272,537</u>

Particulars of cost of sales are as follows:

	2023	2022
Cost of inventories sold	\$ 2,614,087	2,592,350
Inventory falling price loss (recovery benefit)	4,113	(2,761)
Obsolete inventories	663	1,468
Scrap income	(787)	(1,451)
Inventory loss (gain)	487	(1,082)
Others	21,650	18,642
	<u>\$ 2,640,213</u>	<u>2,607,166</u>

(VIII) Changes in ownership interests in subsidiaries

1. Acquisition of additional equity in subsidiaries

On December 29, 2023, the Company acquired another 8% of the equity of the subsidiary, Medzoneasia Co., Ltd., leading to an increase of its equity from 83.47% to 91.47%.

	2023
Carrying amount of non-controlling interests acquired	\$ 11,679
Consideration paid to non-controlling interests	(22,500)
Additional paid-in capital - the difference between the price and book value of equity actually acquired and disposed of	<u>\$ (10,821)</u>

2. Disposal of some equity in subsidiaries without loss of control

In February 2023, Medzoneasia transferred 100% of its equity in Macro Global Corporation to Hung-Han Company, with the base date for equity delivery being February 15, 2023. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction.

The impact of the above transaction on Medzoneasia is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	2023
The carrying amount of equity in Macro Global Corporation sold	\$ (74,113)
The consideration for transfer to Hung-Han Company	<u>74,596</u>
	<u>\$ 483</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired	<u>\$ 483</u>

In March 2023, Medzoneasia transferred 100% of its equity in YES Health Company to Mytrex Health Company, with the base date for equity delivery being March 1, 2023. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction.

The impact of the above transaction on Medzoneasia is as follows:

	2023
The carrying amount of equity in YES Health Company sold	\$ (233,204)
Consideration for transfer to Mytrex Health Company	<u>230,000</u>
	<u>\$ (3,204)</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired	\$ (483)
Deficit yet to be compensated	<u>(2,721)</u>
	<u>\$ (3,204)</u>

The impact of the above transaction on The Company is as follows:

	2023
Undistributed earnings	<u>\$ (1,691)</u>

The Company, Pregetic Health Company, and Mytrex Health Company each transferred 60% of their equity in Digimed to Medzoneasia in April 2022, with the base date for equity delivery being April 1, 2022. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction.

The impact of the above transaction on Medzoneasia is as follows:

	2022
Carrying amount of the equity acquired in Digimed	\$ 1,008
Consideration paid to the Company, Pregetic Health Company, and Mytrex Health Company	<u>(6,000)</u>
	<u>\$ (4,992)</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ (2,341)
Deficit yet to be compensated	<u>(2,651)</u>
	<u>\$ (4,992)</u>

The impact of changes in the Consolidated Company's ownership interests in Medzoneasia on the owners' equity attributable to the parent company is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2022</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ 1,664
Additional paid-in capital - changes in ownership interests in subsidiaries	(1,409)
Undistributed earnings	<u>(1,597)</u>
	<u><u>\$ (1,342)</u></u>

3. Subsidiary's buyback and cancellation of treasury stock without loss of control

Medzoneasia bought back 7,246 thousand shares of treasury stock after resolution of extraordinary Shareholders' Meeting on February 8, 2023, and cancelled equity of NT\$72,457 thousand in accordance with the law, resulting in an increase in the Company's shareholding ratio of it from 60.21% to 83.47%. Since there was difference between the cost of treasury stock bought back by the Subsidiary amounting to NT\$227,434 thousand and the net carrying amount, and there was no change in the Company's control over Medzoneasia, it shall be accounted for as an equity transaction.

The impact of the above transaction on The Company is as follows:

	<u>2023</u>
Decrease in equity attributable to subsidiaries after buyback of treasury shares	\$ (190,433)
Increase in equity in proportion to the equity interest attributable to subsidiaries after buyback of treasury shares	<u>89,282</u>
Additional paid-in capital-recognized changes in ownership interests in subsidiaries	<u><u>\$ (101,151)</u></u>

4. No participation in subsidiaries' capital increase by issuance of new shares pursuant to employee share option schemes without loss of control

In June 2022, the Company did not subscribe for new shares issued by Pregetic Health Company based on its shareholding ratio, resulting in a decrease in its shareholding ratio from 39.93% to 38.90%. Given that the Company remains control over Pregetic Health Company even though it did not participate in the subsidiary's capital increase by issuance of new shares pursuant to employee share option schemes based on its shareholding ratio, the transaction shall be accounted for as an equity transaction.

The impact of the above transaction on the Combined Company is as follows:

	<u>2022</u>
Decrease in equity attributable to subsidiaries' employees after exercising stock options by purchasing new shares	\$ (462)
Equity attributable to subsidiaries' employees recognized in the newly issued shares based on their equity ratio after exercising stock options by purchasing new shares	<u>(2,704)</u>
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<u><u>\$ (3,166)</u></u>

(IX) Loss of control over subsidiaries

The Consolidated Company invested NT\$50,000 thousand in April 2022 to establish Anchun Company and gained control over it. On September 23, 2022, the Consolidated Company disposed of 60% of the shares of the company at NT\$30,000 thousand and lost control over it. NT\$66 thousand of disposal profit was recognized in "other gains and losses" in the Consolidated Statement of Comprehensive Income, which included a gain of NT\$41 thousand from the

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

remaining 40% of the equity owned by the Consolidated Company in Anchun Company measured at a fair value of NT\$20,035 thousand on September 23, 2022.

The Consolidated Company still holds 40% of the shares of Anchun Company after the above transaction, so it is determined that the Consolidated Company has a significant influence over the company. Therefore, on the date of significant influence, it reclassified the shares it originally held in Anchun Company to the item of equity method investments based on fair value measurement.

The detailed carrying amounts of assets and liabilities of Anchun Company on September 23, 2022 are as follows:

Bank deposits	\$	3,693
Prepayments		46,260
Refundable deposits		6
Book amount of net assets of previous subsidiaries	\$	<u><u>49,959</u></u>

(X) Subsidiaries with significant non-controlling interests

Non-controlling interests in subsidiaries that are material to the Consolidated Company are as follows:

Name of subsidiary	Principal place of business/country of incorporation	Proportion of ownership interest and voting rights of non-controlling interests	
		December 31, 2023	December 31, 2022
Mytrex Health Company	Taiwan	38.54%	38.54%
TECHGROUP Integrate Design Co., Ltd.	Taiwan	49.00%	49.00%
Medzoneasia	Taiwan	8.53%	39.79%
Pregetic Health Company	Taiwan	61.10%	61.10%

The consolidated financial information of the above-mentioned subsidiaries, which is prepared in accordance with IFRSs recognized by the Financial Supervisory Commission and presents the amount before transactions among the Consolidated companies are written off, is as follows:

The consolidated financial information of Mytrex Health Company:

	December 31, 2023	December 31, 2022
Current assets	\$ 132,675	227,662
Non-current assets	562,709	527,435
Current liabilities	(20,421)	(25,160)
Non-current liabilities	(119)	(143)
Net assets	<u><u>\$ 674,844</u></u>	<u><u>729,794</u></u>
Carrying amount of non-controlling interests at the end of the period	<u><u>\$ 282,404</u></u>	<u><u>303,582</u></u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
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	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ -</u>	<u>-</u>
Net loss for the period	\$ (56,219)	(91,901)
Other comprehensive income	(2,006)	(12,015)
Total comprehensive income	<u>\$ (58,225)</u>	<u>(103,916)</u>
Net loss for the period attributable to non-controlling interests	<u>\$ (21,667)</u>	<u>(36,060)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (22,413)</u>	<u>(40,736)</u>
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ (73,172)	(15,109)
Cash flows from investing activities	(79,986)	(62,410)
Effects of exchange rate	(114)	118
Decrease in cash and cash equivalents	<u>\$ (153,272)</u>	<u>(77,401)</u>

The consolidated financial information of TECHGROUP Integrate Design Co., Ltd.:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 40,758	37,550
Non-current assets	3,229	2,360
Current liabilities	(21,694)	(21,236)
Non-current liabilities	(761)	-
Net assets	<u>\$ 21,532</u>	<u>18,674</u>
Carrying amount of non-controlling interests at the end of the period	<u>\$ 18,320</u>	<u>19,745</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 60,978</u>	<u>55,336</u>
Net income for the period	\$ 7,807	7,719
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 7,807</u>	<u>7,719</u>
Net income for the period attributable to non-controlling interests	<u>\$ 1,000</u>	<u>957</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,000</u>	<u>957</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ 11,145	8,446
Cash flows from investing activities	(438)	(720)
Cash flows from financing activities	(5,846)	(5,286)
Increase in cash and cash equivalents	<u>\$ 4,861</u>	<u>2,440</u>
Dividends paid to non-controlling interests	<u>\$ 2,426</u>	<u>2,161</u>

The consolidated financial information of Medzoneasia:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 57,719	22,712
Non-current assets	181,865	461,311
Current liabilities	(60,441)	(52,336)
Non-current liabilities	(43,512)	(36,354)
Net assets	<u>\$ 135,631</u>	<u>395,333</u>
Carrying amount of non-controlling interests at the end of the period	<u>\$ 11,569</u>	<u>157,303</u>

	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 28,455</u>	<u>7,989</u>
Net (loss) income for the period	\$ (31,145)	16,105
Other comprehensive income	1,598	8,479
Total comprehensive income	<u>\$ (29,547)</u>	<u>24,584</u>
Net (loss) income for the period attributable to non-controlling interests	<u>\$ (7,017)</u>	<u>6,408</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (6,741)</u>	<u>9,782</u>

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ (13,572)	2,970
Cash flows from investing activities	295,348	(14,583)
Cash flows from financing activities	(257,883)	(1,786)
Increase (decrease) in cash and cash equivalents	<u>\$ 23,893</u>	<u>(13,399)</u>

The consolidated financial information of Pregetic Health Company:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023	December 31, 2022
Current assets	\$ 74,873	106,527
Non-current assets	364,387	368,970
Current liabilities	(146,070)	(161,498)
Non-current liabilities	(55,416)	(3,920)
Net assets	<u>\$ 237,774</u>	<u>310,079</u>
Carrying amount of non-controlling interests at the end of the period	<u>\$ 151,029</u>	<u>195,208</u>
	2023	2022
Operating revenue	<u>\$ 71,465</u>	<u>51,978</u>
Net loss for the period	\$ (68,269)	(32,347)
Other comprehensive income	(2,932)	(24,799)
Total comprehensive income	<u>\$ (71,201)</u>	<u>(57,146)</u>
Net loss for the period attributable to non-controlling interests	<u>\$ (41,712)</u>	<u>(20,349)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (43,504)</u>	<u>(35,451)</u>
	2023	2022
Cash flows from operating activities	\$ (4,361)	31,924
Cash flows from investing activities	(69,609)	(136,763)
Cash flows from financing activities	26,287	(879)
Decrease in cash and cash equivalents	<u>\$ (47,683)</u>	<u>(105,718)</u>

(XI) Property, plant and equipment

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries (Continued)

	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Leased assets	Unfinished projects and equipment to be inspected	Total
Cost:										
Balance on January 1, 2023	\$ 668,582	550,959	525,510	783	94,282	216,168	55,701	356,322	85,873	2,554,180
Increase	-	100	4,530	1,400	6,401	17,450	9,729	81,535	61,283	182,428
Disposal	(3,329)	(21,633)	(6,559)	-	(662)	(13,991)	(6,775)	(53,730)	-	(106,679)
Reclassification	-	900	(941)	-	37	10,594	28,000	85,135	(147,156)	(23,431)
Effects of changes in foreign exchange rates	-	-	-	-	(1)	-	-	-	-	(1)
Balance on December 31, 2023	<u>\$ 665,253</u>	<u>530,326</u>	<u>522,540</u>	<u>2,183</u>	<u>100,057</u>	<u>230,221</u>	<u>86,655</u>	<u>469,262</u>	<u>-</u>	<u>2,606,497</u>
Balance on January 1, 2022	\$ 17,229	36,779	527,956	783	95,022	214,438	57,874	392,761	-	1,342,842
Increase	651,353	514,180	37,013	-	6,518	4,786	1,044	39,377	85,873	1,340,144
Disposal	-	-	(21,179)	-	(6,549)	(3,056)	(3,217)	(92,279)	-	(126,280)
Reclassification	-	-	(18,280)	-	(710)	-	-	16,463	-	(2,527)
Effects of changes in foreign exchange rates	-	-	-	-	1	-	-	-	-	1
Balance on December 31, 2022	<u>\$ 668,582</u>	<u>550,959</u>	<u>525,510</u>	<u>783</u>	<u>94,282</u>	<u>216,168</u>	<u>55,701</u>	<u>356,322</u>	<u>85,873</u>	<u>2,554,180</u>
Accumulated depreciation and impairment:										
Balance on January 1, 2023	\$ -	32,284	354,204	711	48,365	130,878	49,206	243,801	-	859,449
Depreciation for the year	-	18,369	49,538	285	14,453	25,649	5,122	47,909	-	161,325
Disposal	-	(14,772)	(6,549)	-	(406)	(8,429)	(6,016)	(53,729)	-	(89,901)
Reclassification	-	-	(686)	-	(11)	-	-	686	-	(11)
Reversal gains on impairment losses	-	-	-	-	(157)	-	(758)	-	-	(915)
Effects of changes in foreign exchange rates	-	-	-	-	(1)	-	-	-	-	(1)
Balance on December 31, 2023	<u>\$ -</u>	<u>35,881</u>	<u>396,507</u>	<u>996</u>	<u>62,243</u>	<u>148,098</u>	<u>47,554</u>	<u>238,667</u>	<u>-</u>	<u>929,946</u>
Balance on January 1, 2022	\$ -	20,991	284,034	680	41,881	102,565	45,034	285,052	-	780,237
Depreciation for the year	-	11,293	56,003	31	13,448	26,288	3,597	40,995	-	151,655
Disposal	-	-	(20,366)	-	(6,439)	(2,900)	(3,139)	(89,278)	-	(122,122)
Impairment loss	-	-	42,670	-	157	4,925	3,714	-	-	51,466
Reclassification	-	-	(8,137)	-	(683)	-	-	7,032	-	(1,788)
Effects of changes in foreign exchange rates	-	-	-	-	1	-	-	-	-	1
Balance on December 31, 2022	<u>\$ -</u>	<u>32,284</u>	<u>354,204</u>	<u>711</u>	<u>48,365</u>	<u>130,878</u>	<u>49,206</u>	<u>243,801</u>	<u>-</u>	<u>859,449</u>
Book value:										
December 31, 2023	<u>\$ 665,253</u>	<u>494,445</u>	<u>126,033</u>	<u>1,187</u>	<u>37,814</u>	<u>82,123</u>	<u>39,101</u>	<u>230,595</u>	<u>-</u>	<u>1,676,551</u>
December 31, 2022	<u>\$ 668,582</u>	<u>518,675</u>	<u>171,306</u>	<u>72</u>	<u>45,917</u>	<u>85,290</u>	<u>6,495</u>	<u>112,521</u>	<u>85,873</u>	<u>1,694,731</u>

Please refer to Note 8 for details of long-term loan guarantees that have been provided as of December 31, 2023 and 2022.

(XII) Right-of-use assets

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	Houses and buildings	Transportation equipment	Office equipment	Total
Cost:				
Balance on January 1, 2023	\$ 582,172	21,023	-	603,195
Increase	34,085	6,200	-	40,285
Disposal	(52,598)	(6,948)	-	(59,546)
Reclassification	(2,248)	2,248	-	-
Balance on December 31, 2023	<u>\$ 561,411</u>	<u>22,523</u>	<u>-</u>	<u>583,934</u>
Balance on January 1, 2022	\$ 583,811	25,495	1,088	610,394
Increase	8,878	4,809	-	13,687
Decrease	(10,517)	(9,281)	(1,088)	(20,886)
Balance on December 31, 2022	<u>\$ 582,172</u>	<u>21,023</u>	<u>-</u>	<u>603,195</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ 129,461	12,660	-	142,121
Increase	60,218	8,090	-	68,308
Disposal	(27,353)	(6,932)	-	(34,285)
Balance on December 31, 2023	<u>\$ 162,326</u>	<u>13,818</u>	<u>-</u>	<u>176,144</u>
Balance on January 1, 2022	\$ 74,451	11,798	396	86,645
Increase	65,336	7,901	-	73,237
Disposal	(10,326)	(7,039)	(396)	(17,761)
Balance on December 31, 2022	<u>\$ 129,461</u>	<u>12,660</u>	<u>-</u>	<u>142,121</u>
Book value:				
December 31, 2023	<u>\$ 399,085</u>	<u>8,705</u>	<u>-</u>	<u>407,790</u>
December 31, 2022	<u>\$ 452,711</u>	<u>8,363</u>	<u>-</u>	<u>461,074</u>

(XIII) Investment property

Investment properties comprise self-owned assets held by the Consolidated Company, office buildings leased to third parties under operating leases, and right-of-use assets that evidence leasehold rights. The original non-cancellable period of leased investment properties is one to five years, and the rental income from leased investment properties is fixed.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>Land and land improvements</u>	<u>Houses and buildings</u>	<u>Right-of-use assets</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ 152,641	36,669	290,749	480,059
Increase	-	-	54,702	54,702
Disposal	-	-	(54,539)	(54,539)
Balance on December 31, 2023	<u>\$ 152,641</u>	<u>36,669</u>	<u>290,912</u>	<u>480,222</u>
Balance on January 1, 2022	\$ 152,641	36,669	280,533	469,843
Increase	-	-	38,543	38,543
Disposal	-	-	(28,327)	(28,327)
Balance on December 31, 2022	<u>\$ 152,641</u>	<u>36,669</u>	<u>290,749</u>	<u>480,059</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ -	10,889	122,378	133,267
Depreciation for the year	-	2,084	58,386	60,470
Disposal for the period	-	(750)	(50,959)	(51,709)
Balance on December 31, 2023	<u>\$ -</u>	<u>12,223</u>	<u>129,805</u>	<u>142,028</u>
Balance on January 1, 2022	\$ -	9,556	94,429	103,985
Depreciation for the year	-	1,333	56,276	57,609
Disposal for the period	-	-	(28,327)	(28,327)
Balance on December 31, 2022	<u>\$ -</u>	<u>10,889</u>	<u>122,378</u>	<u>133,267</u>
Carrying amount:				
December 31, 2023	<u>\$ 152,641</u>	<u>24,446</u>	<u>161,107</u>	<u>338,194</u>
December 31, 2022	<u>\$ 152,641</u>	<u>25,780</u>	<u>168,371</u>	<u>346,792</u>
Fair value:				
December 31, 2023			<u>\$ 373,370</u>	
December 31, 2022			<u>\$ 407,476</u>	

The fair value of an investment property is based on the valuation of independent appraisers with recognized professional qualifications and recent relevant experience in the location and type of the investment property being evaluated. The inputs used in the valuation technique to measure its fair value fall into the third level.

The valuation of fair value is based on market value. In the absence of current prices in an active market, valuation is based on the estimated total cash flow expected to be received from leasing a property, or the development and replacement costs of the property, and the value of the property is determined by adopting a rate of return that reflects the specific risks inherent in the net cash flow for discount and a comprehensive capital interest rate. The proportion range of the above parameters is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Location	2023	2022
Tayuan District, Taoyuan City	2.19%	1.92%
Xitun District, Taichung City	- %	0.01%
Da'an District, Taipei City	0.09%	0.98%

Please refer to Note 6 (20) for the Consolidated Company's renting of investment properties under operating leases.

Please refer to Note 8 for the amount of the Consolidated Company's investment properties with collateral as loan guarantee.

To revitalize its assets, the Company's Board of Directors resolved on August 11, 2023 to sell an investment property for NT\$39,500 thousand. The parties signed the sale and purchase contract on September 28, 2023, and the transaction was completed on October 27, 2023. The recognized disposal gain of NT\$17,314 thousand was recorded under "Other income and losses". As of December 31, 2023, the full amount has been received on time.

(XIV) Intangible assets

	Managemen t rights	Trademar k rights	Custome r relation	Lease contract	Membershi p list	Goodwil l	Compute r software	Franchis e	Technology authorizatio n	Right of alienatio n	Others	Total
Cost:												
Balance on January 1, 2023	\$ 68,572	93,145	126,596 9	6,70	3,058	7 165,51	89,636	5,544	5,290	-	7 26 4	564,33
Acquired separately	933	-	-	-	-	-	9,813	-	-	13,880	-	24,62
Reclassification	-	-	-	-	-	-	296	-	-	-	6	29
Disposal	-	-	-	-	-	-	(3,798)	-	-	-	-	(3,798)
Balance on December 31, 2023	<u>\$ 69,505</u>	<u>93,145</u>	<u>126,596</u> <u>9</u>	<u>6,70</u>	<u>3,058</u>	<u>7 165,51</u>	<u>95,947</u>	<u>5,544</u>	<u>5,290</u>	<u>13,880</u>	<u>26</u> <u>8</u>	<u>585,45</u>
Balance on January 1, 2022	\$ 68,572	93,145	126,596 9	6,70	3,058	7 165,51	64,043	5,544	1,500	-	-	534,68
Acquired separately	-	-	-	-	-	-	16,722	-	3,790	-	-	20,51
Reclassification	-	-	-	-	-	-	8,871	-	-	-	26 7 8	9,13
Balance on December 31, 2022	<u>\$ 68,572</u>	<u>93,145</u>	<u>126,596</u> <u>9</u>	<u>6,70</u>	<u>3,058</u>	<u>7 165,51</u>	<u>89,636</u>	<u>5,544</u>	<u>5,290</u>	<u>-</u>	<u>26</u> <u>4</u>	<u>564,33</u>
Accumulated amortization:												
Balance on January 1, 2023	\$ 62,856	-	93,724 2	1,34	3,058	-	51,522	5,329	3,775	-	4 5 0	221,66
Amortization for the period	5,766	-	8,069 1	67	-	-	12,448	215	1,515	1,735 3	5 2	30,47
Disposal	-	-	-	-	-	-	(3,798)	-	-	-	-	(3,798)
Balance on December 31, 2023	<u>\$ 68,622</u>	<u>-</u>	<u>101,793</u> <u>3</u>	<u>2,01</u>	<u>3,058</u>	<u>-</u>	<u>60,172</u>	<u>5,544</u>	<u>5,290</u>	<u>1,735</u>	<u>10</u> <u>4</u>	<u>248,33</u>
Balance on January 1, 2022	\$ 57,141	-	85,654 1	67	3,058	-	44,005	4,988	1,426	-	-	196,94
Amortization for the period	5,715	-	8,070 1	67	-	-	7,502	341	2,349	-	-	24,64
Reclassification	-	-	-	-	-	-	15	-	-	-	5 4 9	6
Balance on December 31, 2022	<u>\$ 62,856</u>	<u>-</u>	<u>93,724</u> <u>2</u>	<u>1,34</u>	<u>3,058</u>	<u>-</u>	<u>51,522</u>	<u>5,329</u>	<u>3,775</u>	<u>-</u>	<u>5</u> <u>4 0</u>	<u>221,66</u>
Book value:												
Balance on December 31, 2023	<u>\$ 883</u>	<u>93,145</u>	<u>24,803</u> <u>6</u>	<u>4,69</u>	<u>-</u>	<u>7 165,51</u>	<u>35,775</u>	<u>-</u>	<u>-</u>	<u>12,145</u>	<u>16</u> <u>4</u>	<u>337,12</u>
Balance on December 31, 2022	<u>\$ 5,716</u>	<u>93,145</u>	<u>32,872</u> <u>7</u>	<u>5,36</u>	<u>-</u>	<u>7 165,51</u>	<u>38,114</u>	<u>215</u>	<u>1,515</u>	<u>-</u>	<u>21</u> <u>4</u>	<u>342,67</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

31, 2022

(XV) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	\$ 432,251	412,516
Prepayments for equipment and engineering	8,504	13,070
Net defined benefit assets - non-current	5,087	4,595
Long-term prepayments	6,280	10,344
Others	791	3,107
	<u>\$ 452,913</u>	<u>443,632</u>

Refundable deposits are operational deposits paid by the Consolidated Company to ensure the performance of obligations of providing medical system institutions with operations management services.

(XVI) Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 347,467	261,254
Secured bank loans	60,000	45,000
	<u>\$ 407,467</u>	<u>306,254</u>
Interest rate range	<u>1.87%~4.08%</u>	<u>1.35%~6.19%</u>
Unused quota	<u>\$ 1,092,749</u>	<u>964,084</u>

Please refer to Note 8 for guaranty provided by the Consolidated Company for bank loans with assets as collateral.

(XVII) Short-term bills payable

	December 31, 2023		December 31, 2022	
	Interest rate	amount	Interest rate	amount
Commercial paper payable	2%	55,000	1.31%~1.60%	55,000
Less: discount on short-term bills payable		(99)		(108)
		<u>\$ 54,901</u>		<u>54,892</u>
Unused quota		<u>\$ 60,000</u>		<u>60,000</u>

(XVIII) Long-term loans

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

December 31, 2023				
	Currency	Interest rate range	Expiration month	Amount
Secured bank loans	NT\$	1.710%~3.165%	March 2024~April 2031	\$ 1,126,885
Less: amount due within one year				(121,207)
				<u>\$ 1,005,678</u>
Unused quota				<u>\$ 620,000</u>

December 31, 2022				
	Currency	Interest rate range	Expiration month	Amount
Secured bank loans	NT\$	1.93%~2.83%	March 2024~March 2031	\$ 999,376
Less: amount due within one year				(31,753)
				<u>\$ 967,623</u>
Unused quota				<u>\$ 620,000</u>

Please refer to Note 8 for guaranty provided by the Consolidated Company for bank loans with assets as collateral.

(XIX) Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 140,853</u>	<u>118,503</u>
Non-current	<u>\$ 449,914</u>	<u>526,576</u>

Please refer to Note 6 (31) Financial Instruments for maturity analysis.

The following amounts are recognized in profit or loss:

	2023	2022
Interest expenses on lease liabilities	<u>\$ 12,392</u>	<u>12,984</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 24,163</u>	<u>23,805</u>
Income from sublease of right-of-use assets	<u>\$ 80,879</u>	<u>34,800</u>
Expenses on short-term leases and low-value leases	<u>\$ 12,618</u>	<u>10,681</u>
COVID-19-related rent concessions	<u>\$ -</u>	<u>1,384</u>

The following amounts are recognized in the cash flow statement:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	2023	2022
Total cash outflows for leases	\$ 169,715	170,895

1. Houses and buildings

The Consolidated Company leases houses, buildings, and transportation equipment for plants, operation, and sublease, typically for a lease term of 1~11 years. It is agreed that the Consolidated Company shall not lend, sublease, transfer or otherwise hand over the lease object to other parties without the consent of the lessor during the lease term, and part of the leases include the option to extend the lease term by the same period as the lease term of the original contract upon expiration of the leases.

Please refer to Note 6 (20) for the Consolidated Company's subleasing of part of the right-of-use assets with the consent of the lessor under operating leases.

2. Other leases

The Consolidated Company leases some buildings and transportation equipment which are short-term or low value leases, and elects not to recognize related right-of-use assets and lease liabilities by applying recognition exemption.

(XX) Operating lease

The Consolidated Company leases self-owned property, plant and equipment, investment properties and right-of-use assets. Since substantially all the risks and rewards attached to the ownership of the underlying assets have not been transferred, such lease contracts are classified as operating leases. Please refer to Note 6 (11) Property, Plant and Equipment, (12) Right-of-use Assets and (13) Investment Properties respectively for details.

The maturity analysis of lease payments is presented in the following table based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2023	December 31, 2022
1st year	\$ 209,439	143,318
2nd year	68,509	40,525
3rd year	33,536	20,455
4th year	24,653	3,125
5th year	23,987	2,642
More than 5 years	101,458	13,749
Total undiscounted lease payments	\$ 461,582	223,814

(XXI) Other payables

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023	December 31, 2022
Employee remuneration payable	\$ 94,298	94,442
Salaries and bonuses payable	70,285	75,877
Equipment payables	15,247	83,186
Directors' and supervisors' remuneration payable	3,244	5,350
Business tax payable	5,910	2,591
Investment payables	22,500	-
Others	72,024	74,339
	<u>\$ 283,508</u>	<u>335,785</u>

(XXII) Employee benefits

1. Defined benefit plans

The adjustments to the present value of the Company's defined benefit obligations and the fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022
Present value of a defined benefit obligation	\$ 12,786	12,267
Fair value of plan assets	(9,644)	(8,890)
Net defined benefit liabilities	<u>\$ 3,142</u>	<u>3,377</u>

The defined benefit plans of the Combined Company shall be appropriated to the labor retirement reserve account in the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base amount corresponding to the years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds appropriated by the Combined Company in accordance with the Labor Standards Act are managed by the Bureau of Labor Fund Utilization of the Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). In accordance with the "Regulations on the Custody and Utilization of Labor Retirement Fund Income and Expenditure", the minimum annual final distribution amount of the funds shall not be less than the income calculated based on the two-year fixed deposit interest rate of local banks.

As of the reporting date, the balance of the Combined Company's labor retirement reserve account in Bank of Taiwan was NT\$9,644 thousand. For information on the utilization of labor pension fund assets, including fund yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Fund Utilization of the Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Defined benefit obligation as of January 1	\$ 12,267	13,917
Servicing costs and interests for the period	551	463
Remeasurement amount of net defined benefit liabilities		
- Actuarial losses adjusted based on experience	128	(182)
- Actuarial gains and losses arising from changes in demographic assumptions	(166)	(592)
- Actuarial gains and losses arising from changes in financial assumptions	6	(1,339)
Defined benefit obligation as of December 31	<u><u>\$ 12,786</u></u>	<u><u>12,267</u></u>
(3) Changes in fair value of plan assets		
	<u>2023</u>	<u>2022</u>
Fair value of plan assets as of January 1	\$ (8,890)	(7,567)
Interest (income) expenses	(137)	(40)
Remeasurement amount of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	(50)	(717)
- Adjustment to return on plan assets at the beginning of the period	-	4
Amount allocated to the plan	(567)	(570)
Fair value of plan assets on December 31	<u><u>\$ (9,644)</u></u>	<u><u>(8,890)</u></u>
(4) Expenses recognized as profit or loss		
	<u>2023</u>	<u>2022</u>
Servicing costs for the period	\$ 368	393
Net interest on net defined benefit liabilities	117	45
	<u><u>\$ 485</u></u>	<u><u>438</u></u>
Operating costs	\$ 197	186
Operating expenses	288	252
	<u><u>\$ 485</u></u>	<u><u>438</u></u>
(5) Remeasurement amount of net defined benefit liabilities recognized as other comprehensive income		
	<u>2023</u>	<u>2022</u>
Accumulated balance as of January 1	\$ 5,097	2,267
Amount recognized in the period	82	2,830
Accumulated balance as of December 31	<u><u>\$ 5,179</u></u>	<u><u>5,097</u></u>
(6) Actuarial assumptions		

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2023	December 31, 2022
Discount rate	1.38%	1.50%
Future salary increase	2.00%~3.00%	2.00%~3.00%

The Company is excepted to allocate NT\$561 thousand to the defined benefit plans within one year after the reporting date in 2023.

The weighted average duration of defined benefit plans ranges from 11.5 to 13.6 years.

(7) Sensitivity analysis

	Impact on defined benefit obligations	
	Increase ratio	Decrease ratio
December 31, 2023		
Discount rate (0.25% change)	\$ (377)	393
Future salary increase (0.25% change)	380	(367)
December 31, 2022		
Discount rate (0.25% change)	(381)	397
Future salary increase (0.25% change)	386	(373)

The sensitivity analysis mentioned above is based on the analysis of the impact of changes in a single assumption while other assumptions remain unchanged. However, changes in many assumptions may be correlated in practice. The sensitivity analysis is conducted by the same method as used to calculate net defined benefit liabilities on the balance sheet.

The methods and assumptions used in the sensitivity analysis for the period are the same as those used in the previous period.

2. Defined contribution plans

If the Combined Company is a Taiwanese company, it shall adopt the defined contribution plans under which it shall contribute 6% of each employee's monthly salary to the labor pension individual account of the Bureau of Labor Insurance, in accordance with the provisions of the Labor Pension Act. The Combined Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance under this plan.

If the Combined Company is a foreign company, it shall adopt the defined contribution plan under which it has no legal or constructive obligation to pay additional amounts after contributing a fixed amount of pension to a special account designated by the local government in accordance with local laws.

The pensions paid by the Combined Company in 2023 and 2022 under the defined contribution pension plans were NT\$21,167 thousand and NT\$19,564 thousand, respectively.

(XXIII) Income tax

1. The income tax expenses of the Consolidated Company are as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Income tax expenses for the period	\$ 53,703	96,662
Income tax expenses for the period before adjustment	1,679	(956)
Tax on undistributed earnings	1,116	-
Deferred income tax expenses (income)	(2,779)	122
income tax expense	<u><u>\$ 53,719</u></u>	<u><u>95,828</u></u>

2. The details of the income tax (expenses) benefits recognized by the Consolidated Company under other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified to profit or loss:		
Remeasurement amount of defined benefit plans	16	566
Equity instruments at fair value through other comprehensive income	16,277	5,587
	<u><u>\$ 16,293</u></u>	<u><u>6,153</u></u>

	<u>2023</u>	<u>2022</u>
Items that may be reclassified to profit or loss subsequently		
Exchange difference from translation of the financial statements of foreign operations	<u><u>\$ (104)</u></u>	<u><u>387</u></u>

The income tax expenses of the Combined Company directly recognized in equity are as follows:

	<u>2023</u>	<u>2022</u>
Others	<u><u>\$ -</u></u>	<u><u>1</u></u>

The relationship between income tax expenses and pre-tax net profit of the Combined Company is adjusted as follows:

	<u>2023</u>	<u>2022</u>
	<u><u>\$ 108,984</u></u>	<u><u>339,938</u></u>
Income taxes calculated by net profit before tax	\$ 21,797	67,988
Effects of tax rate differences in foreign jurisdictions	(2)	91
Underestimation of the previous period	1,976	(956)
Permanent difference	1,456	(6,798)
Unrecognized changes in temporary differences	(1,202)	(1,249)
Tax on undistributed earnings	1,116	-
Tax-free income	(2,238)	(738)
Unrecognized changes in tax losses on deferred income tax assets	30,816	38,364
Tax incentives	-	(1,000)
Basic tax payable difference	-	126
	<u><u>\$ 53,719</u></u>	<u><u>95,828</u></u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

	December 31, 2023	December 31, 2022
Deductible temporary difference	\$ 1	-
Tax losses	136,846	100,220
	<u>\$ 136,847</u>	<u>100,220</u>

Taxable losses are the income taxes to be paid after deducting losses of the previous ten years from the net profit of the current year with the approval of the tax collection authority in accordance with the provisions of the Income Tax Act. These items are not recognized as deferred income tax assets since it is not probable that the Combined Company will have sufficient taxable income in the future to deduct the temporary difference.

The deduction period for tax losses that have not been recognized as deferred income tax assets by the Combined Company as of December 31, 2023 is as follows:

Year of loss	Undeducted losses	Last year of deduction
2016 (approved amount)	\$ 50	2026
2017 (approved amount)	16,098	2027
2018 (approved amount)	54,395	2028
2019 (approved amount)	69,442	2029
2020 (approved amount)	76,254	2030
2021 (approved amount)	110,300	2031
2022 (reported amount)	184,045	2032
2023 (estimated amount)	173,646	2032
	<u>\$ 684,230</u>	

(2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Defined benefit retirement plan	Investment gains or losses recognized by the equity method	Financial assets at fair value through other comprehensive income	Others	Total
January 1, 2023	\$ 1,766	6,518	-	2,691	10,975
(Debited) Credited to the income statement	51	236	-	1,633	1,920
(Debited) Credited to other comprehensive income	(16)	-	-	104	88
Debited to equity	(1)	-	-	-	(1)
December 31, 2023	<u>\$ 1,800</u>	<u>6,754</u>	<u>-</u>	<u>4,428</u>	<u>12,982</u>
January 1, 2022	\$ 2,289	5,640	1,625	4,447	14,001
(Debited) Credited to the income statement	42	878	-	(1,489)	(569)
(Debited) Credited to other comprehensive income	(566)	-	(1,625)	(267)	(2,458)
Debited to equity	1	-	-	-	1
December 31, 2022	<u>\$ 1,766</u>	<u>6,518</u>	<u>-</u>	<u>2,691</u>	<u>10,975</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Deferred income tax liabilities:

	Intangible assets	Financial assets at fair value through other comprehensive income	Others	Total
January 1, 2023	\$ 13,158	3,962	701	17,821
Credited (Debited) to income statement	(432)	-	(427)	(859)
Debited to other comprehensive income	-	16,277	(1)	16,276
December 31, 2023	\$ 12,726	20,239	273	33,238
January 1, 2022	\$ 13,811	-	375	14,186
Credited (Debited) to income statement	(653)	-	206	(447)
Debited to other comprehensive income	-	3,962	120	4,082
December 31, 2022	\$ 13,158	3,962	701	17,821

4. Declaration and approval of the Combined Company's income tax settlement for profit-making business are as follows:

<u>Name of company</u>	<u>Year of approval</u>
The Company	2021
Chungyuan Medical Management Company	2021
TECHGROUP Integrate Design Co., Ltd.	2021
Mytrex Health Company	2021
Macro Global Corporation	2021
YES Health Company	2021
Medzoneasia	2021
Pregetic Health Company	2021
Mytrex	2021
Shengshih Technology Co., Ltd.	2019
Hung-Han Company	2021
Fuyi Company	2021
Digimed	2020

(XXIV) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2023 and 2022, the total authorized share capital of the Company was NT\$1,500,000 thousand, with a face value of NT\$10 per share and 150,000 thousand shares in total. The aforementioned total authorized capital is ordinary shares with paid-in capital of NT\$1,260,443 thousand and NT\$1,200,422 thousand, respectively. All issued shares have been paid.

The adjustment of the number of outstanding shares of the Company in 2023 and 2022 is shown in the table below:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(in thousand shares)

	Ordinary shares	
	2023	2022
Beginning retained earnings on January 1	120,042	114,326
Capitalization of earnings to increase the capital by	6,002	5,716
Ending retained earnings on December 31	126,044	120,042

On June 30, 2023 and June, 2022, the shareholders' meeting of the Company approved through a resolution to issue 6,002 thousand and 5,716 thousand new shares with NT\$60,021 thousand and NT\$57,163 thousand from undistributed earnings for capital increase, respectively. The above two proposals for capital increase out of earnings have been reported and put into effect by the Securities and Futures Bureau of the Financial Supervisory Commission, with September 4, 2023 and September 5, 2022 as the base date of capital increase respectively. All relevant statutory procedures have been completed.

2. Additional paid-in capital

	December 31, 2023	December 31, 2022
Premium on issuance of stocks and conversion of corporate bonds	\$ 1,095,196	1,095,196
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	35,327	46,149
Recognized changes in ownership interests in subsidiaries	18,515	116,367
Lapsed share option	2,896	2,896
Share option for convertible corporate bonds	3,900	3,900
	\$ 1,155,834	1,264,508

According to the Company Act, the realized additional paid-in capital can only be distributed by new shares or in cash in proportion to shareholders' original shares after the additional paid-in capital are used for covering losses. The realized additional paid-in capital mentioned above includes the premium on issuance of stocks exceeding their face value and the income from receiving gifts. According to the Rules Governing the Offering and Issuance of Securities by Issuers, the total amount of additional paid-in capital that shall be appropriated as capital shall not exceed 10% of the paid-in capital each year.

3. Retained earnings

As per the Company's Articles of Incorporation, a surplus in the annual final accounts shall first be appropriated to pay taxes to cover accumulated losses, and then 10% of the surplus shall be appropriated as legal reserves, excluding the case where legal reserves have reached the total capital of the Company. The remaining part shall be appropriated or reversed as special reserves according to the laws and regulations. In case of any surplus remained thereafter, the Board of Directors shall prepare a shareholder dividend distribution proposal and submit it to the shareholders' regular meeting for resolution on the distribution of dividends to shareholders with surplus and accumulated undistributed earnings.

In consideration of the current and future investment environment, capital needs, profitability, capital structure, future operational needs, as well as the interests of shareholders, balanced dividends and the Company's long-term financial plan, etc., dividends will be distributed in cash or stock. The proportion of dividends distributed in cash to shareholders in the current year shall be no less than 20% of the total dividends in the current year, while the rest shall be distributed in stock dividends. However, the actual distribution proportion may be adjusted according to the actual profit and operating conditions of the current year.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(1) Special reserves

In accordance with the regulations of the Financial Supervisory Commission, for the distribution of distributable earnings, the Company shall appropriate a special reserve from the current profit and loss and the undistributed earnings in the previous period for the difference between the recognized net deduction of other shareholders' equity in the current year and the balance of the special reserve appropriated in the preceding paragraph. The deduction of other shareholders' equity accumulated in the previous period shall be appropriated from undistributed earnings in the previous period to a special reserve and shall not be distributed. If there is a subsequent reversal in the deduction of other shareholders' equity, the reversed amount shall be used for distribution of earnings.

(2) Distribution of earnings

The resolutions on the distribution of earnings for 2022 was approved by the shareholders' meetings of the Company on June 30, 2023, and the amounts of dividends distributed to owners are as follows:

	2022	
	Allotment rate (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	60,021
Stock	0.50	<u>60,021</u>
		<u>\$ 120,042</u>

The resolutions on the distribution of earnings for 2021 was approved by the shareholders' meetings of the Company on June 29, 2022, and the amounts of dividends distributed to owners are as follows:

	2021	
	Allotment rate (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	57,163
Stock	0.50	<u>57,163</u>
		<u>\$ 114,326</u>

4. Other equity (net income after taxes)

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Non- controlling interests	Total
Balance on January 1, 2023				(9,780)
	\$ (2,089)	8,515	(16,206)	
Exchange difference from translation of the net assets of foreign operations	(418)	-	-	(418)
Unrealized gains on financial assets at fair value through other comprehensive income	-	119,786	(2,288)	117,498
Share of unrealized gains or losses of affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(3,141)	-	(3,141)
Balance on December 31, 2023	<u>\$ (2,507)</u>	<u>125,160</u>	<u>(18,494)</u>	<u>104,159</u>

	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Non- controlling interests	Total
Balance on January 1, 2022				(25,676)
	\$ (3,173)	(22,962)	459	
Exchange difference from translation of the net assets of foreign operations	1,084	-	650	1,734
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	34,331	(17,315)	17,016
Share of unrealized gains or losses of affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(6)	-	(6)
Disposal of equity instruments at fair value through other comprehensive income	-	(2,848)	-	(2,848)
Balance on December 31, 2022	<u>\$ (2,089)</u>	<u>8,515</u>	<u>(16,206)</u>	<u>(9,780)</u>

5. Non-controlling interests

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	Non-controlling interests
Beginning balance on January 1, 2023	\$ 679,736
Net loss for the period attributable to non-controlling interests	(69,292)
Other comprehensive income for the period attributable to non-controlling interests	(2,262)
Distribution of ordinary share cash dividends	(2,426)
Acquisition of subsidiaries	200
Cancellation of treasury stock by subsidiary	(126,283)
The difference between the price and book value of subsidiaries' equity actually acquired	<u>(12,150)</u>
Balance on December 31, 2023	<u>\$ 467,523</u>
Beginning balance on January 1, 2022	\$ 734,492
Net loss for the period attributable to non-controlling interests	(49,836)
Other comprehensive income for the period attributable to non-controlling interests	(16,217)
Distribution of ordinary share cash dividends	(2,161)
Failure to subscribe in the capital increase scheme of subsidiaries in proportion to shareholding ratio	3,166
Acquisition of subsidiaries	2,000
Exercise of stock options by employees of subsidiaries	6,950
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	<u>1,342</u>
Ending balance on December 31, 2022	<u>\$ 679,736</u>

(XXV) Share-based payment

- As of December 31, 2023, the Combined Company had conducted the following two share-based payment transactions:

Pregetic Health Company:

	Equity settlement	
	Employee stock warrants in the amount of	Cash capital increase retained for employee subscription
Grant date	2021.5.25	2021.11.30
Number of shares granted at the grant date (thousand shares)	1,000	800
Contract term	1 year (Expired on May 24, 2022)	-
Granted to	Employees of the Company and its controlling and affiliated companies that meet certain requirements of the Company	Full-time employees of the Company
Vesting conditions	100% exercisable six months from the grant date.	Immediately vested

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

2. Parameters for fair value measurement on the grant date

Pregetic Health Company adopts Black-Scholes option pricing model to estimate the fair value of share-based payments at the grant date. The inputs of this model are as follows:

	2022	
	Employee stock warrants in the amount of	Cash capital increase retained for employee subscription
Fair value on grant date (NT\$)	\$6.1684	-
Value per share on grant date (NT\$)	\$16.00	16.00
Execution price (NT\$)(Note)	\$10.00	25.00
Expected volatility (%)	39.18	36.42
Expected dividend rate (%)	-	-
Duration of share option (year)	0.5 years	0.1 years
Risk-free interest rate (%)	0.11	0.34

The expected volatility is based on the weighted average historical volatility of stocks of comparable TWSE/TPEX listed companies. The duration of the share options is determined in accordance with the Company's issuance regulations or resolutions on the payment period for employee share options. The risk-free interest rate is based on the zero-interest yield of government bonds or the fixed-term inventory interest rate for the period equivalent to the duration.

(Note) Due to the cash capital increase in 2021, the Company adjusted the price of employee stock warrants to NT\$14.56 in accordance with the Regulations Governing the Issuance and Subscription of Employee Stock Warrants.

3. Information on employee share option plan

The Combined Company

	(thousand)	
	2022	
	Weighted average strike price (NT\$)	Quantity
Number of outstanding share options as of January 1	\$ 14.56	1,000
Exercised in the period	10.00	(695)
Confiscated in the period	14.56	(305)
Number of outstanding share options as of December 31	-	-
Number of exercisable share options as of December 31	-	-

(XXVI) Earnings per share

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Net profits attributable to ordinary equity holders of the Company	<u>\$ 124,557</u>	<u>293,946</u>
Weighted average number of outstanding ordinary shares	126,044	126,044
Basic earnings per share (NT\$)	<u>\$ 0.99</u>	<u>2.33</u>
Diluted earnings per share:		
Net profits attributable to ordinary equity holders of the Company for the period (basic)	\$ 124,557	293,946
Effects of dilutive potential ordinary shares		
Weighted average number of outstanding ordinary shares (basic)	126,044	126,044
Effects of employee remuneration in stock	558	862
Weighted average number of outstanding ordinary shares (diluted)	126,602	126,906
Diluted earnings per share (NT\$)	<u>\$ 0.98</u>	<u>2.32</u>

(XXVII) Revenue from customer contracts

1. Disaggregation of revenue

	<u>2023</u>			
	<u>Sales of goods</u>	<u>Service provision</u>	<u>Leases</u>	<u>Total</u>
Main regional markets:				
Asia	\$ 3,012,486	694,448	143,787	3,850,721
Europe	20,945	-	-	20,945
Other countries	1,718	-	-	1,718
	<u>\$ 3,035,149</u>	<u>694,448</u>	<u>143,787</u>	<u>3,873,384</u>
Main product/service lines:				
Medicines and medical materials	\$ 2,900,378	-	-	2,900,378
Non-woven filter fabric	134,771	-	-	134,771
Service provision	-	694,448	-	694,448
Equipment leases	-	-	97,048	97,048
Leases of investment properties and properties	-	-	46,739	46,739
	<u>\$ 3,035,149</u>	<u>694,448</u>	<u>143,787</u>	<u>3,873,384</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

2022				
	Sales of goods	Service provision	Leases	Total
Main regional markets:				
Asia	\$ 3,008,335	980,974	123,690	4,112,999
Europe	5,133	-	-	5,133
Other countries	19,000	-	-	19,000
	\$ 3,032,468	980,974	123,690	4,137,132
Main product/service lines:				
Medicines and medical materials	\$ 2,842,231	-	-	2,842,231
Non-woven filter fabric	190,237	-	-	190,237
Service income	-	980,974	-	980,974
Equipment leases	-	-	66,545	66,545
Leases of investment properties	-	-	57,145	57,145
	\$ 3,032,468	980,974	123,690	4,137,132

2. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 12,273	13,123	16,012
Accounts receivable	265,836	183,826	225,310
Accounts receivable - related parties	1,105,850	1,038,039	849,133
Finance lease receivables	277	332	-
Finance lease receivables - related parties	11,781	5,095	8,522
Long-term finance lease receivables	-	277	-
Long-term finance lease receivables - related parties	24,626	11,602	19,643
Less: loss allowances	(7,657)	(4,608)	(6,624)
	\$ 1,412,986	1,247,686	1,111,996
	December 31, 2023	December 31, 2022	January 1, 2022
Contract liability - sales of goods	\$ 11,458	4,003	5,027
Contract liability-customer loyalty programs	1,204	1,522	2,253
	\$ 12,662	5,525	7,280

Please refer to Note 6 (4) and (6) for the disclosure of notes and accounts receivable, as well as financing lease receivables (including related parties) and their impairment.

The beginning balances of contract liabilities on January 1, 2023 and 2022 were recognized in 2023 and 2022 as income of NT\$6,527 thousand and NT\$4,640 thousand, respectively.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(XXVIII) Remuneration to employees and directors

According to the Company's Articles of Incorporation, 6% to 10% of the annual profit (if any) shall be appropriated as remuneration to employees and not more than 3% as remuneration to directors. However, the allowances for the Company's accumulated losses shall be set aside from the profit first. The objects to which the employees' remuneration referred to in the preceding paragraph is paid in stock or cash include employees of affiliated companies who meet certain requirements.

The estimated amounts of employees' remuneration of the Company recognized in 2023 and 2022 were NT\$11,194 thousand and NT\$24,494 thousand, respectively, and the estimated amounts of directors' remuneration were NT\$1,866 thousand and NT\$4,082 thousand, respectively. The estimates were based on the Company's net profit before tax in that period less employees' and directors' remuneration, multiplied by the distribution percentages of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the remuneration was presented in operating expenses for that period. In case of a difference between the actual distribution amount in the following year and the estimated amount recognized, it shall be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

In 2022 and 2021, the Company appropriated \$24,494 thousand and \$19,466 thousand respectively for employees' remuneration, and \$4,082 thousand and \$3,244 thousand respectively for directors' remuneration, which did not differ from the resolutions on distribution of employees' and directors' remuneration by the Company's Board of Directors in 2022 and 2021. Relevant information can be found on the MOPS.

(XXIX) Other net income and expenses

	<u>2023</u>	<u>2022</u>
Income from sublease of investment property	\$ 45,318	43,038
Gains on disposal of property, plant and equipment	23,906	9,134
Lease modification gains	502	603
Income from subleases of right-of-use assets	35,560	34,800
	<u>\$ 105,286</u>	<u>87,575</u>

(XXX) Non-operating income and expenses

1. Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit interest	\$ 7,334	3,125
Other interest income	987	9
	<u>\$ 8,321</u>	<u>3,134</u>

2. Other income

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Rental income	\$ -	86
Royalty income	6,030	8,103
Dividend income	1,943	2,922
Government grants	4,777	5,329
Logistics income	5,813	4,948
Income from sale of telomerase database	-	44,000
Others	9,007	10,684
	<u>\$ 27,570</u>	<u>76,072</u>

3. Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposal of subsidiaries' investments	\$ -	66
Foreign exchange gain	902	10,947
(Losses) gains on financial assets at fair value through profit or loss	8,892	2,897
Impairment losses on non-financial assets	916	(51,466)
Others	(1,200)	(2,270)
	<u>\$ 9,510</u>	<u>(39,826)</u>

4. Finance costs

	<u>2023</u>	<u>2022</u>
Interest on loans from financial institutions	\$ 40,289	22,987
Amortization of syndication fees	962	2,152
Amortization of interest on lease liabilities	12,392	12,984
Others	22	35
	<u>\$ 53,665</u>	<u>38,158</u>

(XXXI) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk.

(2) Concentration of credit risks

The credit risks of the Combined Company are mainly concentrated on its largest customers. As of December 31, 2023 and 2022, 70.22% and 73.68% of the balance of accounts receivable were owed by the largest customers, which indicates a significant concentration of the Combined Company's credit risks.

(3) Credit risk of accounts receivable

Please refer to Note 6 (4), (5) and (6) for information on the exposure of notes and accounts receivable, finance lease receivables and other receivables to credit risk.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Other financial assets measured at amortized cost include restricted bank deposits, certificates of deposit and refundable deposits.

The restricted bank deposits, time deposits, and refundable deposits held by the Consolidated Company are considered low credit risk as the counterparties and other performing parties are creditworthy or financial institutions rated investment grade or above.

The Combined Company made no provision of loss allowances for other financial assets measured at amortized cost as of December 31, 2023 and 2022 due to 12-month expected credit losses or lifetime expected credit losses.

2. Liquidity risk

The contractual maturities of financial liabilities are showed in the following table, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Paid immediately or within 1 month	Within 6 months	6-12 months	1-3 years	Over 3 years
December 31, 2023							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 1,147,403	1,147,403	644,606	483,494	10,863	5,772	2,668
lease liabilities	590,767	632,556	10,769	54,975	61,966	210,110	294,736
Floating rate instruments	1,534,352	1,622,726	155,228	229,644	173,631	1,001,493	62,730
Fixed-rate instruments	54,901	55,000	-	55,000	-	-	-
	\$ 3,327,423	3,457,685	810,603	823,113	246,460	1,217,375	360,134
December 31, 2022							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 1,153,713	1,153,713	647,641	493,602	1,394	11,076	-
lease liabilities	645,079	690,997	11,429	56,879	61,525	208,131	353,033
Floating rate instruments	1,305,630	1,392,885	28,327	193,124	147,208	353,937	670,289
Fixed-rate instruments	54,892	55,000	55,000	-	-	-	-
	\$ 3,159,314	3,292,595	742,397	743,605	210,127	573,144	1,023,322

The Consolidated Company does not expect a significantly earlier occurrence of cash flows based on the due date analysis or significant differences between the actual amounts and estimates.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The financial assets and liabilities of the Consolidated Company exposed to significant foreign currency exchange rate risk are as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

December 31, 2023				December 31, 2022			
	Foreign currency	Exchange rate (NT\$)	NT\$		Foreign currency	Exchange rate (NT\$)	NT\$
<u>Financial asset</u>							
<u>Monetary items</u>							
USD	\$	2,003	30.710	61,512	2,466	30.710	75,731
CNY		10	4.327	43	34	4.408	150
EUR		122	33.98	4,146	147	32.720	4,810
<u>Non-monetary items</u>							
USD		11,134	30.710	341,869	8,911	30.710	273,661
CNY		6,382	4.327	27,615	6,655	4.408	29,335
<u>Financial liability</u>							
<u>Monetary items</u>							
USD	-	30,705	-	432	30.710	13,267	

(2) Sensitivity analysis

The exchange rate risk of the Consolidated Company mainly comes from cash and cash equivalents as well as accounts and borrowings receivable denominated in foreign currencies, which generate foreign currency exchange gains and losses during translation. On December 31, 2023 and 2022, when the New Taiwan dollar appreciated and depreciated by 5% against the U.S. dollar, Renminbi and Euro, while all other factors remained unchanged, the net profit before tax in 2023 and 2022 would decrease or increase by NT\$3,285 thousand and NT\$3,371 thousand, respectively. The analysis of the two periods was conducted on the same basis.

Due to the variety of functional currencies used by the Combined Company, information on exchange gains and losses on monetary items was disclosed on a consolidated basis. Foreign currency exchange gains (both realized and unrealized) in 2023 and 2022 amounted to NT\$902 thousand and NT\$10,947 thousand, respectively.

4. Interest rate analysis

The exposure of the Combined Company's financial liabilities to interest rate risk is illustrated in Liquidity Risk Management section in this note.

The sensitivity analysis below is based on the exposure of non-derivative instruments to interest rate risk at the reporting date. The analysis of floating rate liabilities is based on the assumption that the outstanding liabilities at the reporting date are outstanding throughout the year. The rate of change in the interest rate reported to major management personnel of the Consolidated Company is the interest rate plus 20 basis points, which also represents the management's evaluation on the reasonably possible range of changes in the interest rate.

If the interest rate increases or decreases by 20 basis points, while all other variables remain unchanged, the pre-tax net profit of the Combined Company for 2023 and 2022 will increase or decrease by NT\$3,069 thousand and NT\$2,611 thousand, mainly due to changes in the interest rate of the Combined Company's floating rate loans.

(1) Other price risks

The impact of changes in the price of equity securities (the analysis of the two periods is conducted on the same basis and other factors are assumed to remain unchanged) on the comprehensive income item at the reporting day is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

<u>Price of securities at the reporting date</u>	<u>2022 Post-tax profit or loss</u>
Up 10%	<u>\$ 6,191</u>
Down 10%	<u>\$ (6,191)</u>

5. Information on fair values

(1) Type and fair value of financial instruments

The Consolidated Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of all types of financial assets and financial liabilities (including fair value level information, but for financial instruments not measured at fair value with carrying amounts reasonably approximate to their fair values as well as lease liabilities, fair value information is not required to be disclosed according to the regulations) are listed as follows:

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Fund beneficiary certificates	\$ 10,463	10,463	-	-	10,463
Non-TWSE/TPEx listed stocks	19,684	-	-	19,684	19,684
Subtotal	30,147	10,463	-	19,684	30,147
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEx listed stocks	348,419	-	-	348,419	348,419
Non-overseas listed stocks	341,871	-	-	341,871	341,871
Limited partnership interests	124,682	-	-	124,682	124,682
Subtotal	814,972	-	-	814,972	814,972
Financial assets at amortized cost					
Cash and cash equivalents	1,383,022	-	-	-	-
Restricted bank deposits	76,597	-	-	-	-
Net notes receivable and accounts receivable (including related parties)	1,376,302	-	-	-	-
Other net receivables (including related parties)	73,900	-	-	-	-
Finance lease receivables (including those due within one year)	36,684	-	-	-	-
Subtotal	2,946,505	-	-	-	-
Total	<u>\$ 3,791,624</u>	<u>10,463</u>	<u>-</u>	<u>834,656</u>	<u>845,119</u>
Financial liabilities at amortized cost					
Short-term loans	\$ 407,467	-	-	-	-
Long-term loans (including those due within one year)	1,126,885	-	-	-	-
Short-term bills payable	54,901	-	-	-	-
Notes and accounts payable (including related parties)	842,289	-	-	-	-
Other payables (including related parties)	293,928	-	-	-	-
Long-term accounts payable (including those due within one year)	11,186	-	-	-	-
Lease liabilities (including those due within one year)	590,767	-	-	-	-
Total	<u>\$ 3,327,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,341	10,341	-	-	10,341
TPEX listed stocks	61,912	61,912	-	-	61,912
Non-TWSE/TPEX listed stocks	20,174	-	-	20,174	20,174
Subtotal	92,427	72,253	-	20,174	92,427
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEX listed stocks	306,190	-	-	306,190	306,190
Non-overseas listed stocks	273,661	-	-	273,661	273,661
Limited partnership interests	101,029	-	-	101,029	101,029
Subtotal	680,880	-	-	680,880	680,880
Financial assets at amortized cost					
Cash and cash equivalents	1,535,182	-	-	-	-
Restricted bank deposits	45,591	-	-	-	-
Net notes receivable and accounts receivable (including related parties)	1,230,380	-	-	-	-
Other net receivables (including related parties)	82,048	-	-	-	-
Finance lease receivables (including those due within one year)	17,306	-	-	-	-
Subtotal	2,910,507	-	-	-	-
Total	\$ 3,683,814	72,253	-	701,054	773,307
Financial liabilities at amortized cost					
Short-term loans	\$ 306,254	-	-	-	-
Long-term loans (including those due within one year)	999,376	-	-	-	-
Short-term bills payable	54,892	-	-	-	-
Notes and accounts payable (including related parties)	802,790	-	-	-	-
Other payables (including related parties)	337,078	-	-	-	-
Long-term accounts payable (including those due within one year)	13,845	-	-	-	-
Lease liabilities (including those due within one year)	645,079	-	-	-	-
Total	\$ 3,159,314	-	-	-	-

(2) Valuation techniques for fair value of financial instruments measured at fair value

If there is a quoted price in an active market for a financial instrument, that price shall be used for measuring fair value. The market prices, announced by the main exchanges and the over-the-counter trading center for central government bonds that are judged to be popular, are the basis for the fair value of listed equity instruments and the debt instruments with a quoted price in an active market. If a quoted price for a financial instrument can be obtained from exchanges, brokers, underwriters, industry associations, pricing service institutions or competent authorities in a timely manner and on a regular basis, and represents actual fair market transactions with sufficient frequency, it is determined that there is a quoted price in an active market for the financial instrument. Where the above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in bid-ask spread, or a low transaction volume indicates an inactive market.

The fair values of financial instruments held by the Consolidated Company traded in active markets are presented below by type and attribute:

- Stocks issued by TPEX listed companies

The fair value of a financial asset that is subject to standard terms and conditions and traded in an active market is determined with reference to the quoted price in the market. Except for the aforementioned financial

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

instruments traded in active markets, the fair value of other financial instruments is determined by valuation techniques or with reference to quoted prices from counterparties. The fair value obtained through valuation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow model or other valuation techniques, including by using models based on market information available on the balance sheet date.

The fair values of financial instruments held by the Consolidated Company traded in inactive markets are presented below by type and attribute:

- Equity instruments without quoted prices: The fair value is estimated using the market comparable company method and asset method, mainly based on the ratio of the estimated market price to earnings per share of the investee, the earnings multiplier derived from quoted market prices of comparable TWSE/TPEX listed companies, as well as the equity value of net assets. The estimate has adjusted the effect of discount of the equity securities due to lack of market liquidity.

(3) There was no change in the fair value hierarchy of financial assets in 2023 and 2022.

(4) Table of Changes in Level 3

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted prices
January 1, 2023	\$ 20,174	680,880
Total gains or losses		
Recognized in profit or loss	(490)	-
Recognized in other comprehensive income	-	133,773
Purchase	-	27,020
Capital returned due to capital reduction	-	(26,701)
December 31, 2023	\$ 19,684	814,972
January 1, 2022	\$ 22,928	545,424
Total gains or losses		
Recognized in profit or loss	(2,754)	-
Recognized in other comprehensive income	-	22,604
Purchase	-	140,707
Capital returned due to capital reduction	-	(16,250)
Disposal	-	(11,605)
December 31, 2022	\$ 20,174	680,880

The above total gains or losses are presented in "other gains and losses" and "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income". Among them, those related to the assets still held on December 31, 2023 and 2022 are as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	\$ (490)	(2,754)
Recognized in other comprehensive income (presented in "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income")	133,733	22,604

(5) Quantitative information on significant unobservable inputs (level 3) used for fair value measurement

The fair values of the Consolidated Company that are categorized into level 3 mainly include financial assets measured at fair value through other comprehensive income - equity securities investments. Most of the fair values of the Consolidated Company categorized into level 3 are with only a single significant unobservable input, except that equity instrument investments without an active market are with multiple significant unobservable inputs. Significant unobservable inputs of equity instrument investments without an active market are independent of each other, without any correlation among them.

(6) Analysis of the sensitivity of fair value to reasonably possible alternative assumptions for measurement of level 3 fair values

The fair value measurement of financial instruments by the Consolidated Company is reasonable, whereas different valuation models or parameters used for measurement may result in different valuation results. The impact of the changes in evaluation parameters for financial instruments categorized into Level 3 on profits and losses or other comprehensive income for the period is as follows:

			<u>Changes in fair value reflected in profit or loss for the period</u>		<u>Changes in fair value reflected in other comprehensive income for the period</u>	
	<u>Inputs</u>	<u>Up or down changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
December 31, 2023						
Financial assets at fair value through profit or loss	Liquidity discount	5%	1,230	(1,230)	-	-
Financial assets at fair value through other comprehensive income	Liquidity discount	5%	-	-	55,662	(42,025)
December 31, 2022						
Financial assets at fair value through profit or loss	Liquidity discount	5%	1,261	(1,261)	-	-
Financial assets at fair value through other comprehensive income	Liquidity discount	5%	-	-	41,855	(42,201)

Favorable and adverse changes for the Consolidated Company refer to fluctuations in fair value, which are calculated by using valuation techniques based on different degrees of unobservable input parameters. For a financial instrument whose fair value is affected by more than one input, the above table only reflects the impact of changes in a single input, and the correlation and variability among the inputs are not taken into account.

(XXXII) Financial risk management

1. Summary

The Combined Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note presents the information on the Combined Company's exposure to the above risks, as well as its objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the Consolidated Financial Statements.

2. Risk management framework

The Management Department of the Combined Company analyzes and manages the financial risks related to the operation of the Combined Company based on the degree and breadth of the risks.

3. Credit risk

Credit risk refers to the risk of financial losses of the Combined Company due to the failure to perform contractual obligations by customers or counterparties of financial instruments, mainly from the Company's accounts receivable due from customers and securities investments.

(1) Accounts receivable and other receivables

The management of the Combined Company assigns a dedicated team responsible for the determination of credit lines, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. The Combined Company reviews the recoverable amounts of receivables separately at the reporting date to ensure that appropriate impairment losses have been provisioned for uncollectible receivables.

(2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Financial Department of the Combined Company. The counterparties and other performing parties of the Combined Company are creditworthy or financial institutions rated investment grade or above, which generates no major doubt for performance of the contract, so the Combined Company faces no significant credit risk.

4. Liquidity risk

The Combined Company manages and maintains sufficient cash and cash equivalents for various positions to support the operation of the Combined Company and mitigate the impact of cash flow fluctuations. The management of the Combined Company supervises the use of bank credit lines and ensures compliance with the terms of the loan contracts.

Bank loans and the issuance of commercial paper are important sources of liquidity for the Combined Company. As of December 31, 2023 and 2022, the unused credit lines of the Combined Company were NT\$1,772,749 and NT\$1,644,084 thousand, respectively.

5. Market risk

(1) Interest rate risk

Market risk refers to the risk that changes in market prices, such as changes in exchange rates, interest rates, and the price of equity instruments, may affect the Company's income or the value of financial instruments held by it. The objective of market risk management is to maintain acceptable levels of market risk exposure and optimize investment returns.

(2) Other market price risks

The Combined Company is exposed to equity price risk arising from the investments in TPEX listed equity securities. Such equity investments not held for trading are strategic investments. The Combined Company does not actively trade these investments, and its management manages the risks by holding various risk-based portfolios.

(XXXIII) Capital management

By capital management, the Combined Company ensures continuing operation of all companies in the Group, and maximizes shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Combined Company is composed of its net debt (i.e., loans less cash and cash equivalents) and equity (i.e., share capital, additional paid-in capital, retained earnings and other equity items). The Combined Company balances its overall capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing new debts or repaying old debts, based on the recommendations of the key management personnel.

(XXXIV) Investing and financing activities in non-cash transactions

The non-cash investing and financing activities of the Combined Company in 2023 and 2022 are as follows:

1. Please refer to Note 6 (12) and (13) for obtaining right-of-use assets and investment properties through leasing.

2. Cash paid for purchase of property, plant and equipment is as follows:

	2023	2022
Acquisition of property, plant and equipment	\$ 182,428	1,340,144
Net changes in equipment payables in subsidiaries	67,878	(74,167)
Cash paid	<u>\$ 250,306</u>	<u>1,265,977</u>

3. Cash paid for purchase of intangible assets is as follows:

	2023	2022
Acquisition of intangible assets	\$ 24,626	20,512
Net changes in payables on technology patent authorization	2,273	(2,441)
Cash paid	<u>\$ 26,899</u>	<u>18,071</u>

4. Cash received from disposal of property, plant and equipment is as follows:

	2023	2022
Disposal of property, plant and equipment	\$ 40,530	13,292
Net changes in equipment receivables	-	97,273
Cash received	<u>\$ 40,530</u>	<u>110,565</u>

5. The adjustments to liabilities from financing activities are as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

	112.1.1	Cash flows	Changes in non-cash items			December 31, 2023
			Lease changes	Effects of changes in foreign exchange rates	Others	
Short-term loans	\$ 306,254	101,213	-	-	-	407,467
Short-term bills payable	54,892	-	-	-	9	54,901
Long-term loans (including those due within one year)	999,376	127,509	-	-	-	1,126,885
Lease liabilities (including those due within one year)	645,079	(120,542)	65,411	-	819	590,767
Deposits received	18,022	1,584	-	-	-	19,606
	\$ 2,023,623	109,764	65,411	-	828	2,199,626

	January 1, 2022	Cash flows	Changes in non-cash items			December 31, 2022
			Lease changes	Effects of changes in foreign exchange rates	Others	
Short-term loans	\$ 276,100	30,520	-	(366)	-	306,254
Short-term bills payable	54,979	-	-	-	(87)	54,892
Long-term loans (including those due within one year)	157,527	841,849	-	-	-	999,376
Lease liabilities (including those due within one year)	720,179	(124,809)	49,709	-	-	645,079
Deposits received	8,926	9,096	-	-	-	18,022
	\$ 1,217,711	756,656	49,709	(366)	(87)	2,023,623

VII. Transactions with Related Parties

(I) Parent company and ultimate controlling party

Minsheng Medical Holding Co., Ltd., the parent company of the Combined Company, holds 28.79% of the Combined Company's outstanding ordinary shares.

(II) Name of and relationship with related parties

The related parties who have traded with the Combined Company during the period covered by the Consolidated Financial Statements are as follows:

Name of the related party	Relationship with the Consolidated Company
Minsheng Medical Holding Co., Ltd.	Parent company
Employee Community Co., Ltd.	Associate
Air Long-Term Care Co., Ltd.	Associate
Shengyu Health Technologies Co., Ltd.	Associate
Mingta Medical Technology Co., Ltd.	Substantial related party
Minsheng General Hospital	Substantial related party (Minsheng medical system)
Lungtan Minsheng Hospital	Substantial related party (Minsheng medical system)
Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
Home Nursing Center attached to Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
YES Chang Sheng Pharmacy	Substantial related party
Minsheng Asset Management Co., Ltd.	Substantial related party

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

<u>Name of the related party</u>	<u>Relationship with the Consolidated Company</u>
Employee Clinic of Hsinchu Science and Industry Park	Substantial related party
Po'en Management Consulting Co., Ltd.	Substantial related party
Shengli Management Consulting Co., Ltd.	Substantial related party
Pisheng Construction Co., Ltd (hereinafter referred to as Pisheng Construction)	Substantial related party
Zhiyi Clinic	Substantial related party
Shengyu Clinic	Substantial related party
Shengjen Clinic	Substantial related party
Harvard Clinic	Substantial related party
Fuying Clinic	Substantial related party
○○ Wang	Substantial related party
○○ Na	Substantial related party
Ssu-kang Chang	Other related parties
Hung-jen Yang	The management
Kun-chang Yang	The management

(III) Significant transactions with related parties

1. Sales of goods

<u>Category of the related party</u>	<u>Operating revenue</u>	
	<u>2023</u>	<u>2022</u>
Substantial related party		
Minsheng General Hospital	\$ 1,040,345	959,361
Others	75,253	88,786
Parent company	-	3
	<u>\$ 1,115,598</u>	<u>1,048,150</u>

The sales price determined by the Consolidated Company for the above-mentioned related party is the purchase cost plus 5% or more, with the payment term being net 30 to 180 days. Generally, sales are collected in the current month.

2. Service provision

<u>Category of the related party</u>	<u>Service income</u>	
	<u>2023</u>	<u>2022</u>
Substantial related party		
Minsheng General Hospital	\$ 540,155	832,285
Others	44,482	33,302
	<u>\$ 584,637</u>	<u>865,587</u>

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
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The service income of the Consolidated Company from the above-mentioned related party mainly comes from undertaking medical examinations and inspections, etc. in cooperation with medical institutions. The two parties has entered into a contract by mutual agreement, with the payment term defined as net 30 to 180 days.

3. Leases

Category of the related party	Lease income	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 44,014	40,563
Fuying Clinic	41,161	40,083
Harvard Clinic	14,482	14,596
Zhiyi Clinic	15,077	-
Others	15,982	13,422
	\$ 130,716	108,664

The rent paid by the Consolidated Company to the above-mentioned related party is defined in a lease contract entered into by the two parties by mutual agreement, with the payment term being 30 to 120 days.

4. Purchase of goods

Category of the related party	Operating costs	
	2023	2022
Substantial related party	\$ -	1,898

The prices and payment terms for goods purchased by the Consolidated Company from the above-mentioned related party are not significantly different from those for general manufacturers, with a payment term of 30 days upon acceptance.

5. Receivables due from related parties

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Minsheng General Hospital	Accounts receivable	\$ 974,839	910,381
Fuying Clinic	Accounts receivable	62,241	62,976
Others	Accounts receivable	66,451	64,259
Substantial related party			
Minsheng General Hospital	Finance lease receivables	2,565	1,720
Lungtan Minsheng Hospital	Finance lease receivables	1,048	1,108
Tayuan Minsheng Hospital	Finance lease receivables	2,078	2,267
Zhiyi Clinic	Finance lease receivables	4,630	-
Shengyu Clinic	Finance lease receivables	1,211	-
Others	Finance lease receivables	249	-
Substantial related party			
Minsheng General Hospital	Long-term finance lease receivables	1,132	-

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Category of the related party	Account items	December 31, 2023	December 31, 2022
Lungtan Minsheng Hospital	Long-term finance lease receivables	1,462	1,905
Tayuan Minsheng Hospital	Long-term finance lease receivables	7,619	9,697
Zhiyi Clinic	Long-term finance lease receivables	5,747	-
Others	Long-term finance lease receivables	10	-

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Minsheng General Hospital	Other receivables	\$ 8,660	-
Shengyu Clinic	Other receivables	3,212	-
Harvard Clinic	Other receivables	4,370	5,955
Fuying Clinic	Other receivables	19,080	20,029
Others	Other receivables	779	461
		\$ 1,167,383	1,080,758

6. Disposal of financial assets

Category of the related party	Account items	Number of shares traded (thousand shares)	Object of transaction	2022	
				Disposal proceeds	Profits or losses on disposal
Substantial related party - Equity method ○○ Wang	investments	2,250	Ordinary share equity of Anchun Company	\$ 22,500	50
Substantial related party - Equity method ○○ Na	investments	750	Ordinary share equity of Anchun Company	7,500	16
				\$ 30,000	66

In September 2022, the Combined Company disposed of the ordinary share equity of Anchun Company it held at NT\$10 per share with reference to the valuation report issued by an appraiser.

7. Payables to related parties

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Minsheng General Hospital	Accounts payable	\$ 79	1,850
Fuying Clinic	Accounts payable	869	-
Others	Accounts payable	128	1,645
Associate	Accounts payable	-	61
Parent company	Other payables	41	41
Substantial related party			
Shengyu Clinic	Other payables	7,520	-
Minsheng General Hospital	Other payables	1,082	1,061
Others	Other payables	634	71
The management	Other payables	853	107
Associate	Other payables	290	12
		\$ 11,496	4,848

8. Prepayments

The Consolidated Company's prepayments to related parties are detailed as follows:

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Pisheng Construction	Prepayments	\$ 3,739	3,739
Pisheng Construction	Long-term prepayments	935	4,673
Associate			
Air Long-Term Care	Prepayments	46	-
		\$ 4,720	8,412

9. Endorsement/Guarantee

(1) Lease contracts

Category of the related party	December 31, 2023	December 31, 2022
Substantial related party - Minsheng General Hospital	\$ 228,736	227,598

(2) Bank loans:

The Consolidated Company's loans from financial institutions are jointly guaranteed by Hung-jen Yang, the Chairperson, from the management team, and Ssu-kang Chang, one of the other related parties.

10. Others

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Category of the related party	Account items	2023	2022
Substantial related party	Operating costs - other expenses	\$ 5,172	5,899
Substantial related party	Operating cost - rent expense	142	423
Substantial related party	Operating expenses - other expenses	21,829	11,759
Substantial related party	Operating expenses - rent expense	2,679	1,227
Associate	Operating costs - other expenses	1,226	338
Associate	Operating expenses - other expenses	656	1,014
Parent company	Operating expenses - rent expense	468	463
Substantial related party	Other income - rental income	2,906	1,505
Parent company	Other income and losses - rental income	577	571
Substantial related party	Other income - rental income	28,842	28,755
Substantial related party -Mingta Medical Technology Co., Ltd.	Dividend income	-	2,122
Affiliate- Anchun Company	Other income (Note)	-	44,000

(Note) In order to effectively activate the gene database and implement commercial conversion and relevant plans, the Combined Company decided to sell the telomerase database to Anchun Company at NT\$44,000 thousand with reference to its fair value in the valuation report issued by an appraiser, through a resolution of the Board of Directors in March 2022. The Combined Company and Anchun Company entered into a trade contract in May 2022, and delivered and accepted the technical data of the telomerase database in August 2022. All intellectual property rights and ownership rights of the database, reports, applications and analysis results are attributable to Anchun Company thereafter. As of December 31, 2022, the transaction price has been paid in full.

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party	Collection on behalf of others	\$ 21	-
Substantial related party	Payment on behalf of others	267	-
Substantial related party	Temporary payments	332	-
Substantial related party			
Minsheng General Hospital	Collection in advance	67	-
Zhiyi Clinic	Collection in advance	109	-
Others	Collection in advance	33	-
Substantial related party			
Minsheng General Hospital	Refundable deposits	250,000	282,340
Fuying Clinic	Refundable deposits	17,000	15,000
Harvard Clinic	Refundable deposits	23,000	18,000
Zhiyi Clinic	Refundable deposits	40,000	-
Others	Refundable deposits	43,686	31,686

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Category of the related party	Account items	December 31, 2023	December 31, 2022
Parent company	Refundable deposits	82	82
Substantial related party			
Minsheng General Hospital	Deposits received	5,641	6,991
Tayuan Minsheng Hospital	Deposits received	902	902
Zhiyi Clinic	Deposits received	3,600	-
Others	Deposits received	112	112
Parent company	Deposits received	101	100

(IV) Transactions with key management personnel

Remuneration paid to key management personnel includes:

	2023	2022
Short-term employee benefits	\$ 53,240	51,620
Post-employment benefits	1,113	1,117
	\$ 54,353	52,737

VIII. Pledged Assets

The book values of the assets pledged as collateral by the Consolidated Company are as follows:

Name of the asset	Pledge object	December 31, 2023	December 31, 2022
Financial assets at amortized cost - current	Guarantee letters for bank loans and leases	\$ 32,097	5,001
Financial assets measured at amortized cost - non-current	Guarantees for bank loans and commercial papers	44,500	40,590
Investment properties	Bank loans	177,087	178,420
Property, plant and equipment	Bank loans	1,138,395	1,155,534
		\$ 1,392,079	1,379,545

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Material unrecognized contractual commitments

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	\$ 15,517	73,530
Purchase of intangible assets	546	546
Guaranteed notes issued for bank loan contracts	2,545,000	2,645,000
	\$ 2,561,063	2,719,076

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

(II) Collection and payment of contract prices:

- The Consolidated Company has entered into a contract on online multimedia brand marketing services with Employee Community Co., Ltd., under which the company shall provide online multimedia brand marketing services for the "Harvard Nutrition Lab" brands during the cooperation period. The unrecognized amount is as follows:

	December 31, 2023	December 31, 2022
Unpaid amount	\$ -	540

- The Consolidated Company has entered into a business transfer contract with a biomedical company, under which the company shall transfer OEM/distribution business of branded products to the Consolidated Company. The unrecognized amount is as follows:

	December 31, 2023	December 31, 2022
Unpaid amount	\$ -	11,880

X. Material Losses from Disasters: none.

XI. Material Subsequent Events: none.

XII. Others

- (I) Employee benefits, and depreciation and amortization expenses are summarized by function as follows:

By function By property	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Remuneration expenses	133,806	299,730	433,536	131,030	307,963	438,993
Labor and health insurance expenses	12,664	28,976	41,640	12,355	28,472	40,827
Pension expenses	6,695	14,957	21,652	6,288	13,714	20,002
Remuneration to directors	-	6,475	6,475	-	10,170	10,170
Other employee benefit expenses	6,259	15,095	21,354	6,313	12,762	19,075
depreciation expense	164,257	125,846	290,103	167,053	115,448	282,501
Amortization expenses	8,321	22,151	30,472	6,961	17,687	24,648

- (II) Seasonality of operation:

The Consolidated Company's operation of the health examination service is highly seasonal. According to the historical experience, the peak period of the service is around mid-June to before lunar new year of the next year. Therefore, large amount of sales will be recognized when services are actually performed every year from mid-June to next year before lunar new year.

XIII. Items Disclosed in Notes

- (I) Information on major transactions

The information on major transactions that the Combined Company should disclose in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers in 2023 is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

1. Lending of funds to others: None.
2. Making of endorsements and guarantees for others:

Unit: NT\$ thousand

Serial No.	Name of the endorser/guarantor	Endorsee/guarantee		Limit of the guarantee/endorsement amount for a single enterprise	Maximum endorsement/guarantee balance for the period	Ending endorsement/guarantee balance	Actual expenditures	Amount of endorsements/guarantees with property guarantee	The ratio of accumulated endorsements/guarantees to the net value of the latest financial statements	Maximum amount limits for endorsements/guarantees	Endorsements/guarantees provided by parent company to the subsidiaries	Endorsements/guarantees provided by subsidiaries to the parent company	Endorsements/guarantees in China
		Name of company	Relationship										
0	ShareHope Medicine Co., Ltd.	Minsheng General Hospital	1	1,550,424	228,736	228,736	228,736	-	6.56%	1,743,968	N	N	N

Note 1: The explanation of the number column is as follows:

- (1) Fill in 0 for the issuer.
- (2) The investees are numbered sequentially with Arabic numerals starting from 1 by company type.

Note 2: There are 7 types of relationships between the endorser and the endorsee. Please mark the type:

- (1) Companies with who the Company does business.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly and indirectly hold more than 50% of the Company's voting shares.
- (4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
- (5) Companies among the peers and co-contractors that provide mutual guarantee for the purposes of undertaking projects in accordance with contractual terms.
- (6) Companies that are endorsed/guaranteed by all contributing shareholders in proportion to their shareholdings due to joint investments.
- (7) Peers who provide joint guarantees for the performance of house presales contracts in accordance with the Consumer Protection Act.

Note 3: The limits specified in the Procedures for Endorsement and Guarantee of ShareHope Medicine Co., Ltd. are as follows:

- (1) The endorsement and guarantee amount for a single enterprise shall not exceed 20% of the current net value, and the amount of an endorsement/guarantee provided for a transaction shall not exceed the total amount of the transaction made by the enterprise with ShareHope Medicine Co., Ltd.
- (2) The total amount of endorsements and guarantees provided for others shall not exceed 50% of the current net value.

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

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Unit: NT\$ thousand

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	End of the period				Mid-term maximum shareholdings	Remarks
				Contribution amount/number of shares (thousand shares or thousand)	Carrying amount	Shareholding ratio	Fair value		
The Company	Fund beneficiary certificates Federal Money Market Fund	None	Financial assets at fair value through profit or loss - current	771	10,463	-	10,463	-	
The Company	Stock Tsaihsin Health Business Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,000	19,684	3.70 %	19,684	3.70%	
The Company	Stock Yichuang Second Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,000	16,143	0.92 %	16,143	0.92%	
The Company	Stock Chunghua Development Biomedical Venture Capital Co., Ltd.	The Company is a legal representative supervisor of the company	Financial assets at fair value through other comprehensive income - non-current	1,129	49,333	2.86 %	49,333	2.86%	
The Company	Stock Yiting Biotech Venture Capital Co., Ltd.	The Company is a legal person director of the company	Financial assets at fair value through other comprehensive income - non-current	4,095	80,586	7.50 %	80,586	7.50%	
The Company	Stock BenQ BM Holding Cayman Corporation	None	Financial assets at fair value through other comprehensive income - non-current	5,258	341,871	2.15 %	341,871	2.15%	
The Company	Limited partnership interests Chunghua Development Second Biomedical Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	67,868	100,296	3.22 %	100,296	3.22%	
The Company	Stocks -AcroViz Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,820	22,441	9.71 %	22,441	9.71%	
Mytrex Health Company	Stock -Minsheng Asset Management Co., Ltd.	The chairperson of the Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	2,120	21,747	3.37 %	21,747	3.37%	
Mytrex Health Company	Stock Shangching Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	68	1,328	0.81 %	1,328	0.81%	
Mytrex Health	Stock	None	Financial assets at fair value through other	1,760	19,681	9.99 %	19,681	9.99%	

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	End of the period				Mid-term maximum shareholdings	Remarks
				Contribution amount/number of shares (thousand shares or thousand)	Carrying amount	Shareholding ratio	Fair value		
Company	Intelligent Medical Technology Co., Ltd.		comprehensive income - non-current						
Mytrex Health Company	Stock Yiho Smart Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	6,175	19.53 %	6,175	19.53%	
Mytrex Health Company	Stock Yichuang Second Venture Capital Co., Ltd.	The Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	5,000	40,357	2.29 %	40,357	2.29%	
Pregetic Health Company	Stock Yita International Hospital Management Consulting Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	417	4,804	4.20 %	4,804	4.20%	
Pregetic Health Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	16,568	14.29 %	16,568	14.29%	
Pregetic Health Company	Stock Kangchien Gene Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,304	21,342	14.81 %	21,342	14.81%	
Hung-Han Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,143	3.57 %	4,143	3.57%	
Fuyi Company	Limited partnership interests Chunchuang Development Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	19,813	24,386	1.75 %	24,386	1.75%	
Medzoneasia	Stock Yaosheng Information Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	500	43,771	10.00 %	43,771	10.00%	
					814,972		814,972		

4. The amounts from purchase or sale of the same securities that accumulatively amount to NT\$300 million or account for more than 20% of paid-in capital: none.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

5. The amounts from acquisition of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.
6. The amounts from disposal of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.
7. The amounts from purchase and sale of goods from and to related parties that amount to NT\$100 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Purchaser (seller)	Name of the counterparty	Relationship	Transaction details				Cases where transactions are made in different conditions from general transactions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sell)	amount	Ratio of the amount to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of the balance to notes and accounts receivable (payable)	
The Company	Minsheng General Hospital	Substantial related party	(Sell)	(1,039,719)	(44.93) %	Net 180 days	-		654,215	57.08%	
The Company	Minsheng General Hospital	Substantial related party	Service income	(470,530)	(20.33) %	Net 30-180 days	-		288,381	25.16%	
The Company	Minsheng General Hospital	Substantial related party	Lease income	(40,175)	(1.74) %	Net 30-180 days	-		11,476	1.00%	
									954,072		
The Company	YES Health Company	Subsidiary	(Sell)	(172,556)	(7.46) %	Net 60 days	-		65,834	5.74%	Note
YES Health Company	The Company	Parent company	Purchase	172,556	17.93 %	Net 60 days	-		(65,834)	(29.51)%	Note

Note: This transaction has been written off in the preparation of the Consolidated financial statements.

8. Receivables from related parties amount to NT\$100 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Payee of the accounts receivable	Name of the counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue related party receivables		Amount received in subsequent periods	Amount provisioned for loss allowances
					amount	Accounting treatment		
The Company	Minsheng General Hospital	Substantial related party	954,072	1.68	-		387,896	191

9. Engagement in derivatives transactions: none.
10. Business relationship and major transactions between the parent company and the subsidiaries:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Unit: NT\$ thousand

Serial No.	Name of the trading party	Counterparty	Relationship with the counterparty	Transaction situation			
				Item	amount	Transaction condition	Ratio of the amount to consolidated total operating income or total assets
0	The Company	YES Health Company	1	Sales income	172,556	Net 60 days	4.45%
0	"	"	1	Accounts receivable - related parties	65,834	"	0.88%
0	"	Medzoneasia	1	Lease income	19,892	—	0.51%
1	Medzoneasia	The Company	2	Refundable deposits	4,003	—	0.05%
1	"	"	2	Right-of-use assets	28,790	—	0.39%
1	"	"	2	lease liabilities	34,196	—	0.46%
2	Pregetic Health Company	The Company	2	Right-of-use assets	3,359	—	0.05%
2	"	"	2	lease liabilities	3,420	—	0.05%

Note 1. The rules for filling in the serial numbers are as follows:

- 0 represents the parent company.
- The subsidiaries are numbered sequentially with Arabic numerals starting from 1 by company type.

Note 2. The types of relationship with counterparties are listed as follows:

- Parent to subsidiary.
- Subsidiary to parent.
- Subsidiary to subsidiary.

Note 3. For the business relationship and major transactions between parent and subsidiaries, only information on sales and receivables is disclosed, and the corresponding purchases and payables will not be presented.

Note 4: The above transactions have been written off in the preparation of the Consolidated Financial Statements.

(II) Relevant information on reinvestment business (excluding investees in mainland China):

The information on the reinvestment business of the Combined Company in 2023 is as follows:

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Unit: NT\$ thousand/thousand shares

Name of investor	Name of investee	Region	Principal business	Initial investment amount		Shareholding at the end of the period			Mid-term maximum shareholdings	Profits and losses of the investee for the period	Investment income and losses recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Carrying amount				
The Company	Mytrex Health Company	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	310,286	310,286	22,454	61.46%	339,053	61.46%	(56,219)	(34,552)	Note 1
The Company	ShareHope Medicine (HongKong) Co., Ltd.	Hong Kong, China	Investment management	44,831	44,831	1,500	100.00%	20,831	100.00%	(1,529)	(1,529)	Note 1
The Company	Chungyuan Medical Management Co., Ltd.	Taoyuan City	Management Consulting Services	11,389	11,389	1,000	100.00%	11,705	100.00%	57	57	Note 1
The Company	Pohui Biotechnology Co., Ltd.	Taipei City	Biotechnology Services	22,106	22,106	2,211	25.00%	750	25.00%	(274)	(69)	Note 2
The Company	Medzoneasia	Taoyuan City	Health management services and hotels	336,669	314,169	17,154	91.47%	129,466	91.47%	(31,145)	(24,145)	Note 1
The Company	Pregetic Health Company	Taoyuan City	Health management services	101,000	101,000	10,500	38.90%	86,804	38.90%	(68,269)	(26,534)	Note 1
The Company	Shengshih Technology Co., Ltd.	Taipei City	Management Consulting Services	1,000	1,000	100	100.00%	784	100.00%	(61)	(61)	Note 1
The Company	Sheng Tai Food Technology Co., Ltd.	Taipei City	Food and beverage retail	800	-	80	80.00%	166	80.00%	(792)	(634)	Note 1
The Company	YWLTL Co., Ltd.	Taipei City	Biotechnology Services	1,000	-	100	100.00%	956	100.00%	(44)	(44)	Note 1
Mytrex Health Company	Mytrex USA Co.	California, USA	Health care support services	23,516	23,516	800	88.89%	12,295	88.89%	26	23	Note 1
Mytrex Health Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	10,000	10,000	667	22.37%	10,461	22.37%	1,055	236	Note 2
Mytrex Health Company	Mytrex Industries Inc.	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	447,888	507,888	6,000	100.00%	210,554	100.00%	(30,758)	(30,758)	Note 1
Mytrex Health Company	Sheng Yo Company	Tainan City	Health management services	20,000	20,000	2,000	90.91%	10,904	90.91%	(4,865)	(4,423)	Note 1
Mytrex Health Company	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	230,000	-	6,035	100.00%	222,041	100.00%	(11,911)	(11,164)	Note 1 and 3
Chungyuan Medical Management Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	2,000	2,000	200	6.71%	2,085	6.71%	1,055	71	Note 2
Medzoneasia	TECHGROUP Integrate Design Co., Ltd.	New Taipei City	Medical information software services	50,759	50,759	1	51.00%	40,391	51.00%	7,807	1,041	Note 1
Medzoneasia	Shengyu Health Technologies Co., Ltd.	Taoyuan City	Other management consulting services	2,000	-	200	40.00%	-	40.00%	(4,776)	(2,000)	Note 2
Medzoneasia	Global Biotech Multimedia Co., Ltd.	Taipei City	Magazine (periodical) publication	10,000	10,000	500	23.98%	9,207	23.98%	160	(80)	Note 2

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Name of investor	Name of investee	Region	Principal business	Initial investment amount		Shareholding at the end of the period			Mid-term maximum shareholdings	Profits and losses of the investee for the period	Investment income and losses recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Carrying amount				
Medzoneasia	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	-	221,180	-	- %	-	- %	(11,911)	(1,632)	Note 1 and 3
Medzoneasia	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	-	72,155	-	- %	-	- %	8,085	1,012	Note 1 and 3
Medzoneasia	Digimed Co., Ltd.	Taipei City	Information software services	6,000	6,000	600	60.00%	4,595	60.00%	3,507	2,104	Note 1
Pregetic Health Company	Hung-Han Company	Taipei City	Health management services	128,880	118,880	5,500	100.00%	76,468	100.00%	(19,159)	(20,351)	Note 1
Pregetic Health Company	Employee Community Co., Ltd.	Taipei City	Advertising	1,700	1,700	170	48.57%	377	48.57%	(19)	(9)	Note 2
Pregetic Health Company	Fuyi Company	Taipei City	Health management consulting services	229,288	204,288	20,500	100.00%	168,223	100.00%	(37,619)	(38,156)	Note 1
Pregetic Health Company	Anchun Technology Co., Ltd.	Taipei City	Health management services	20,000	20,000	2,000	40.00%	17,232	40.00%	(5,108)	(2,043)	Note 2
Pregetic Health Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	-	1,000	50.00%	3,610	50.00%	(11,275)	(2,972)	Note 1
Hung-Han Company	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	20,000	20,000	2,000	66.67%	4,415	100.00%	(13,358)	(12,850)	Note 1
Hung-Han Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	10,000	1,000	50.00%	3,610	100.00%	(11,275)	(8,303)	Note 1
Hung-Han Company	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	74,820	-	6,450	100.00%	79,888	100.00%	8,085	18,220	Note 1 and 3
Fuyi Company	Shangchia Health Business Co., Ltd.	Taipei City	Health management services	33,900	23,900	3,390	33.90%	36,466	33.90%	5,931	2,043	Note 2
YES Health Company	Digimed Co., Ltd.	Taipei City	Information software services	2,000	2,000	200	20.00%	1,532	20.00%	3,507	701	Note 1
Macro Global Corporation	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	10,000	-	1,000	33.33%	2,207	33.33%	(13,358)	(508)	Note 1

Note 1: It is a subsidiary, and this transaction has been written off in the preparation of the Consolidated financial statements.

Note 2: It is an affiliate of the Company.

Note 3: In response to the restructure of the Group, Medzoneasia transferred their equity in Macro Global Corporation and YES Health Company in full to other related parties, Hung-Han Company and Mytrex Health Company, in February and March, 2023, respectively.

(III) Information on investments in mainland China:

1. Information on reinvestments in mainland China:

Unit: NT\$/US\$ thousand

Name of investee company in Mainland China	Principal business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the	Investment amount remitted outward or inward over the period	Accumulated investment amount remitted from Taiwan at the end of	Profits and losses of the investee for the period	Shareholding ratio of the Company in direct or indirect investee	Mid-term maximum shareholdings	Investment income and losses recognized in the period	Book value of investment at the end of the period	Investment income received as of the end of the period
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Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

			(Note 1)	beginning of the period	Outward remittance	Inward remittance	the period				(Note 2)		
Minsheng (Tianjin) Investment Management Co., Ltd.	Investment management	11,885	(2)	11,885	-	-	11,885	(769)	100.00%	100%	(769)	2,586	-
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Hospital management consulting services	5,124	(1)	5,124	-	-	5,124	326	100.00%	100%	326	6,781	-

Note 1: Investment methods can be classified into the following three types:

- (1) Directly invest in mainland China.
- (2) Reinvest in mainland companies through third regions.
- (3) Other methods.

Note 2: Financial statements audited by a certified public accountant of the parent company in Taiwan.

Note 3: The above transactions have been written off in the preparation of the Consolidated Financial Statements.

2. Limits for reinvestment in mainland China:

Unit: NT\$ thousand

Accumulated investment amount remitted from Taiwan to mainland China as of the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Investment limits in mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs
17,009	17,009	(Note) 2,092,762

Note: 60% of the net value.

3. Information on major transactions: none.

(IV) Information about the major shareholder

Unit: share

Share	Number of shares held	Shareholding
Name of the major shareholder		
Minsheng Medical Holding Co., Ltd.	36,298,290	28.79%

Note 1: The information on the major shareholder in this table is calculated by CHEP on the last business day at the end of each quarter, based on the data about shareholders who hold a total of 5% of the ordinary shares and special shares of the Company that have been delivered without physical registration (including treasury shares). The share capital recorded in the Company's financial statements may be different from the actual number of shares delivered without physical registration depending on the calculation basis for the preparation.

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Note 2: The above-mentioned information about shares transferred by shareholders to a trust is disclosed separately in the trustors' trust accounts opened by the trustees. In terms of the declaration of insider equity by shareholders who hold more than 10% of the Company's shares in accordance with the Securities and Exchange Act, their shareholdings include the shares held by them plus the shares they transferred to the trust which they have the right to use. For information on insider equity declaration, please refer to the MOPS.

XIV. Department Information

(I) General information

There are four reportable departments in the Combined Company: the Pharmaceutical Distribution Department, Health Management Department, Technological Materials Department and Hospital Department.

The reportable departments of the Combined Company are strategic business units that provide different products and services. The strategic business units shall be managed separately as the technologies and marketing strategies required are different among them.

The other department of the Combined Company, mainly engaged in the business of the Department of Medical Professional Services and Biotechnologies, did not reach any quantitative threshold for reportable department in 2023 and 2022.

(II) Information on the profits and losses, assets, and liabilities of the reportable departments as well as the measurement basis and adjustments

The management of the Combined Company allocates resources and conducts performance assessment mainly based on the pre-tax profits and losses (excluding non-recurring gains and losses and exchange gains and losses) of the departments whose internal management reports are reviewed by the main operational decision-makers. Given that income taxes, non-recurring gains and losses, and exchange gains and losses are managed on a group-wide basis, the Combined Company does not divide and allocate income tax expenses (benefits), non-recurring gains and losses, and exchange gains and losses to reportable departments. In addition, profits and losses of all reportable departments do not include significant non-cash items other than depreciation and amortization. The reported amounts are consistent with those in the reports used by operational decision-makers.

Except for the recognition and measurement of pension expenses of each operating department based on cash payments to pension plans, the accounting policies adopted by the operating departments are consistent with the summarized major accounting policies illustrated in Note 4.

The Combined Company regards sales and transfers among departments as transactions with third parties, which are measured at current market prices.

The information and adjustments of the operating departments of the Combined Company are as follows:

2023							
	Pharmaceutical Distribution Department	Health Management Department	Technological Materials Department	Hospital Department	Other departments	Adjustment and cancellation	Total
Revenue:							
Revenue from external customers	\$ 2,703,624	637,763	134,771	132,017	265,209	-	3,873,384
Interdepartmental revenue	174,946	8,917	-	-	22,850	(206,713)	-
Total revenue	<u>\$ 2,878,570</u>	<u>646,680</u>	<u>134,771</u>	<u>132,017</u>	<u>288,059</u>	<u>(206,713)</u>	<u>3,873,384</u>
Profits and losses of reportable departments	<u>\$ 83,928</u>	<u>61,771</u>	<u>3,704</u>	<u>110,394</u>	<u>(235,129)</u>	<u>84,316</u>	<u>108,984</u>
2022							
	Pharmaceutical Distribution Department	Health Management Department	Technological Materials Department	Hospital Department	Other departments	Adjustment and cancellation	Total
Revenue:							
Revenue from external customers	\$ 2,691,912	899,942	190,237	134,137	220,904	-	4,137,132
Interdepartmental revenue	177,661	5,853	262	-	4,836	(188,612)	-
Total revenue	<u>\$ 2,869,573</u>	<u>905,795</u>	<u>190,499</u>	<u>134,137</u>	<u>225,740</u>	<u>(188,612)</u>	<u>4,137,132</u>
Profits and losses of reportable departments	<u>\$ 93,806</u>	<u>335,523</u>	<u>(10,848)</u>	<u>111,501</u>	<u>(248,321)</u>	<u>58,277</u>	<u>339,938</u>

(III) Product and service information

Name of product or service	2023	2022
Medicines and medical materials	\$ 2,900,378	2,842,231

Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its subsidiaries
(Continued)

Non-woven filter fabric	134,771	190,237
Equipment leases	97,048	66,545
Leases of investment properties	46,739	57,145
Medical health care management services	694,448	980,974
	<u>\$ 3,873,384</u>	<u>4,137,132</u>

(IV) Regional information

The following information about the Combined Company is listed by region, among which revenue is classified based on the geographical location of customers, while non-current assets are classified based on the geographical location of assets.

<u>Region</u>	<u>2023</u>	<u>2022</u>
Revenue from external customers:		
Asia	\$ 3,850,721	4,112,999
Europe	20,945	5,133
Other countries	1,718	19,000
	<u>\$ 3,873,384</u>	<u>4,137,132</u>
<u>Region</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current assets:		
Taiwan	<u>\$ 2,759,659</u>	<u>2,845,271</u>

Non-current assets include property, plant and equipment, investment properties, right-of-use assets and intangible assets, excluding non-current assets comprised of financial instruments and deferred income tax assets.

(V) Information about major customers

	<u>2023</u>	<u>2022</u>
Minsheng General Hospital	<u>\$ 1,624,514</u>	<u>1,832,209</u>

ShareHope Medicine Co., Ltd.
Parent Company Only Financial
Statements and Independent Auditors’
Report
2023 and 2022

Address: 19th Floor, No. 168 Chingkuo Road, Taoyuan District, Taoyuan City
Tel: (03)3469595

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Independent Auditors' Report

Submitted to the Board of Directors of ShareHope Medicine Co., Ltd. and subsidiaries for review

Audit opinion

The Balance Sheet of ShareHope Medicine Co., Ltd. as of December 31, 2023 and 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Notes to Parent Company Only Financial Statements (including the Summary of Major Accounting Policies) for the years ended December 31, 2023 and 2022, have been audited by the independent auditor.

In the independent auditor's opinion, the Parent Company Only Financial Statements referred to above have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, based on the audit results of the independent auditor and the audit reports of other independent auditors (please refer to the Other Items section), which are sufficient for revealing the financial position of ShareHope Medicine Co., Ltd. as of December 31, 2023 and 2022 as well as its financial performance and cash flows for the years ended December 31, 2023 and 2022.

Foundation for audit opinions

The independent auditor performed the audit in compliance with the rules governing the certification of financial statements by entrusted independent auditors and the auditing standards. His responsibilities specified in these standards will be further explained in the section about independent auditors' responsibilities in auditing the Parent Company Only Financial Statements. The personnel subject to independence standards in the accounting firm, to which the said independent auditor is affiliated, have maintained independent from ShareHope Medicine Co., Ltd. in accordance with the CPA Professional and Ethical Guidelines, and have fulfilled other obligations under the Guidelines. Based on the audit results of the independent auditor and the audit reports of other independent auditors, the independent auditor holds that he has obtained sufficient and appropriate audit evidence as the basis for the audit opinions.

Key audit items

Key audit items refer to items of the greatest importance to be audited in the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. for 2023, based on the professional judgment of the independent auditor. Such items have been considered in the course of auditing the Parent Company Only Financial Statements and forming the audit opinions, and the independent auditor determines that the following key audit item shall be communicated in the audit report:

Revenue recognition

For the accounting policies for revenue recognition and related disclosure information, please refer to Note 4 (15), Note 6 (24), and Note 7 (3) of the Parent Company Only Financial Statements.

Explanation on key audit items:

The operating revenue of ShareHope Medicine Co., Ltd. is a matter of concern to users of the financial statements and the competent authorities, and the Group's main sales customers are related parties of its medical system, whose operating revenue has a significant impact on the Parent Company Only Financial Statements. Accordingly, revenue recognition is among the important items to be evaluated by the independent auditor in the audit of the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd.

Corresponding audit procedures:

The main audit procedures adopted by the independent auditor for the key audit items mentioned above include:

- Based on the understanding of the sales-related internal control procedures of ShareHope Medicine Co., Ltd., establish internal control audit procedures in response to the risks generated thereof, to identify and evaluate the effectiveness of the internal control over sales transactions made by ShareHope Medicine Co., Ltd. with its related parties.
- Obtain sales revenue details from the management, confirm the completeness of the details, select adequate samples from the revenue details of main sales transactions with related parties, and review relevant vouchers and verify delivery of goods and receipt of payments, so as to confirm whether the revenues are recognized after relevant obligations are fulfilled as well as the authenticity of revenue recognition.
- Inspect whether there are major discounts or returns of sales revenue subsequent to the sales transactions and evaluate the authenticity of the sales revenue.
- Send a letter of inquiry to the relevant parties and confirm whether the recorded revenue is consistent with the transaction amount or has been adjusted appropriately.

Other Matters

Among the equity method investments of ShareHope Medicine Co., Ltd., the financial statements of investees applying the equity method have not been audited by the independent auditor, but have been audited by other independent auditors. Therefore, the opinions given by the independent auditor about the above-mentioned Parent Company Only Financial Statements concerning the amounts listed in the financial statements of such investees are based on the audit reports of other independent auditors. The equity-method investments in said investees accounted for 2.79% of total assets as of December 31, 2022, and the shares of subsidiaries and affiliates that apply the equity method of accounting to the investees accounted for (14.22)% of net income before tax for the year ended December 31, 2022.

Responsibilities of the management and governing body for the Parent Company Only Financial Statements

The responsibility of the management is to prepare fairly presented Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control over the preparation of the Parent Company Only Financial Statements, so as to ensure no occurrence of material false statements due to fraud or error in the Parent Company Only Financial Statements.

The responsibility of the management in the preparation of the Parent Company Only Financial Statements also includes the evaluation of the ability of ShareHope Medicine Co., Ltd. to continue business, the disclosure of related items, and the adoption of the accounting basis for continuation of the business, unless the management intends to liquidate ShareHope Medicine Co., Ltd. or close business, or there is no practical alternative to liquidation or close of the business.

The governing body (including the Audit Committee) of ShareHope Medicine Co., Ltd. is responsible for supervising the financial reporting process.

Responsibilities of the independent auditor for auditing the Parent Company Only Financial Statements

The purpose of the independent auditor's audit of the Parent Company Only Financial Statements is to obtain reasonable assurance as to whether there are material false statements due to fraud or error in the Parent Company Only Financial Statements, and to issue an audit report. Reasonable assurance refers to the high degree of certainty. Nevertheless, there is no guarantee that the material false statements in the Parent Company Only Financial Statements will necessarily be detected merely based on the audit work conducted in compliance with the auditing standards. False statements may result from frauds or errors. False statements of several amounts or total amounts are considered material if they can reasonably be expected to affect the economic decisions made by users of the Parent Company Only Financial Statements.

The independent auditor performs professional judgment and professional skepticism when conducting an audit in accordance with the auditing standards. The independent auditor also undertakes the following tasks:

1. Identify and evaluate the risk of material false statements due to frauds or errors in the Parent Company Only Financial Statements, formulate and implement appropriate countermeasures for the risk evaluated, and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statements, or overstepping internal control, the risk of the failure to detect material false statements due to frauds is higher than that due to errors.
2. Obtain necessary understanding of the internal control essential to the audit, so as to formulate the appropriate audit procedures for the current situation, for all that the purpose is not to give opinions on the effectiveness of the internal control of ShareHope Medicine Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management, as well as the reasonability of the accounting estimates and related disclosures made by them.
4. Draw conclusions on the appropriateness of the management's adoption of the accounting basis for continuation of the business, as well as whether there are significant uncertainties in events or situations that may give rise to material doubts about the ability of ShareHope Medicine Co., Ltd. to continue its business, based on the audit evidences obtained. If the independent auditor believes that there are significant uncertainties in such events or situations, he shall remind users of the Consolidated Financial Statements to pay attention to the disclosures about the Parent Company Only Financial Statements, or revise the audit opinions when such disclosures are inappropriate. The independent auditor's conclusions are based on the audit evidences obtained up to the date of the audit report. However, ShareHope Medicine Co., Ltd. may lose the ability to continue the business due to future events or situations.
5. Evaluate the overall statements, structure, and contents of the Parent Company Only Financial Statements (including relevant notes), and whether relevant transactions and events are fairly presented in the Parent Company Only Financial Statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the investees applying the equity method to give opinions on the Parent Company Only Financial Statements. The independent auditor is responsible for guiding, supervising, and executing the audit work, and for issuing audit opinions on the ShareHope Medicine Co., Ltd.

The items on which the independent auditor has communicated with the governing body include the planned scope and time of the audit work, as well as major audit findings (including significant deficiencies in internal control identified in the course of the audit).

The independent auditor has also provided the governing body with the statement that the personnel subject to independence standards in the accounting firm, to which the independent auditor is affiliated, have complied with the CPA professional and ethical guidelines regarding independence, and has communicated with the governing body on all relationships and other items that may be considered to affect the independence of independent auditors (including relevant protective measures).

The independent auditor has decided on the key items to be audited in the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. for 2023, based on the items on which he has communicated with the governing body. The independent auditor has stated such items in the Independent Auditors' Report, unless some specific items are prohibited from disclosure according to laws and regulations, or the independent auditor decides not to communicate some items in the Independent Auditors' Report under extremely rare circumstances where it can be reasonably expected that the negative impact of such communication will outweigh the public interest it brings.

KPMG

Independent auditor:

KOU,HUI-CHIH
KUO,HSIN-I

Number of documents approved and certified by the securities regulatory : Tai-Tsai-Zheng-(6)-Zi-0930106739
Jin-Kuan-Zheng-Shen-Zi-1040003949

March 15, 2024

ShareHope Medicine Co., Ltd.

Balance sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		December 31, 2023		December 31, 2022		Liabilities and equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 967,848	17	769,708	14	2100	Short-term loans (Note 6 (15) and Note 8)	\$ 50,000	1	-	-
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	10,463	-	10,341	-	2150	Notes payable	7,400	-	3,400	-
1150	Notes receivable (Note 6 (4) and (24))	703	-	884	-	2170	Accounts payable	638,432	11	613,945	11
1161	Notes receivable - related parties (Note 6 (4) and (24) and Note 7)	-	-	28,751	1	2180	Accounts payable - related parties (Note 7)	709	-	3,862	-
1170	Net accounts receivable (Note 6 (4) and (24))	49,706	1	42,711	1	2200	Other payables (Note 6(19))	156,111	3	185,228	4
1180	Net accounts receivable - related parties (Note 6 (4), (24), and Note 7)	1,079,631	19	983,425	16	2220	Other accounts payable - related parties (Note 7)	2,165	-	966	-
1210	Other accounts receivable - related parties (Note 6 (5) and Note 7)	722	-	589	-	2230	Income tax liabilities for the period	49,181	1	50,838	1
130X	Inventories (Note 6 (7))	41,977	1	41,321	1	2280	Lease liabilities - current (Note 6(17))	46,827	1	46,211	1
1410	Prepayments (Note 7)	7,121	-	8,270	-	2322	Long-term loans due in one year or one operating cycle (Note 6 (16) and Note 8)	98,769	2	10,769	-
1470	Other current assets	3,170	-	1,488	-	2399	Other current liabilities	17,313	-	8,744	-
Total current assets		2,161,341	38	1,887,488	33	Total current liabilities		1,066,907	19	923,963	17
Non-current assets:						Non-current liabilities:					
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (2))	19,684	-	82,086	1	2540	Long-term loans (Note 6 (16) and Note 8)	857,319	15	955,127	17
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	610,670	11	480,053	9	2570	Deferred income tax liabilities (Note (21))	20,239	-	3,962	-
1536	Financial assets at amortized cost - non-current (Note 8)	30,000	1	30,000	1	2580	Lease liabilities - non-current (Note 6(17))	291,841	5	334,540	6
1550	Equity method investments (Note 6 (8))	657,296	11	840,020	15	2640	Net defined benefit liabilities - non-current (Note 6 (20))	8,231	-	7,972	-
1600	Property, plant and equipment (Note 6 (10) and Note 8)	1,416,265	25	1,379,529	24	2645	Deposits received (Note 7)	15,438	-	12,411	-
1755	Right-of-use assets (Note 6 (11))	328,257	5	373,347	7	Total non-current liabilities		1,193,068	20	1,314,012	23
1760	Net investment properties (Note 6 (12) and Note 8)	177,087	3	199,897	4	Total liabilities		2,259,975	39	2,237,975	40
1780	Intangible assets (Note 6 (13))	3,533	-	8,438	-	Equity (Note 6 (8), (9) and (22)):					
1840	Deferred income tax assets (Note 6 (21))	7,722	-	7,305	-	3110	Ordinary share capital	1,260,443	22	1,200,422	21
194D	Net long-term finance lease receivables (Note 6 (6) and Note 7)	15,970	-	12,026	-	3200	Additional paid-in capital	1,155,834	20	1,264,508	22
1990	Other non-current assets (Note 6 (14) and Note 7)	320,086	6	357,045	6	3310	Statutory reserves	216,895	4	187,098	3
Total non-current assets		3,586,570	62	3,769,746	67	3320	Special reserves	-	-	26,136	1
						3350	Undistributed earnings	732,111	13	734,669	13
						3410	Exchange difference from translation of the financial statements of foreign operations	(2,507)	-	(2,089)	-
						3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	125,160	2	8,515	-
						Total equity		3,487,936	61	3,419,259	60
Total assets		\$ 5,747,911	100	5,657,234	100	Total liabilities and equity		\$ 5,747,911	100	5,657,234	100

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(24) and 7)	\$ 2,314,072	100	2,498,480	100
5000	Operating costs (Note 6 (7), (10), (11), (12), (13), (17), (20) and Note 7)	(1,918,441)	(83)	(1,874,303)	(75)
	Gross profit	395,631	17	624,177	25
	Operating expenses (Note 6 (4), (10), (11), (12), (13), (17), (20) and (25), and Note 7):				
6100	Marketing expenses	(15,872)	-	(15,844)	-
6200	Administrative expenses	(161,643)	(7)	(199,347)	(8)
6450	Gains on expected credit impairment	29	-	977	-
	Total operating expenses	(177,486)	(7)	(214,214)	(8)
6500	Other net income and expenses (Note 6 (26) and Note 7)	54,686	2	36,940	1
	Other income and expenses in total	54,686	2	36,940	1
	Net operating income	272,831	12	446,903	18
	Non-operating income and expenses (Note 6 (2), (8), (17) and (27), and Note 7):				
7100	Interest income	4,579	-	1,539	-
7010	Other income	8,678	-	10,449	-
7020	Other gains and losses	8,729	-	2,826	-
7050	Finance costs	(34,121)	(1)	(24,874)	(1)
7070	Share of profits and losses of subsidiaries and affiliates recognized by the equity method	(87,184)	(4)	(57,179)	(2)
	Total non-operating income and expenses	(99,319)	(5)	(67,239)	(3)
7900	Net income before tax	173,512	7	379,664	15
7950	Income tax expenses (Note 6(21))	(48,955)	(2)	(85,718)	(3)
	Net income for the period	124,557	5	293,946	12
8300	Other comprehensive income (Note 6 (20), (21) and (22)):				
8310	Items not reclassified to profit or loss				
8311	Remeasurement amount of defined benefit plans	(5)	-	1,380	-
8316	Unrealized valuation profits and losses on equity instrument investments at fair value through other comprehensive income	137,111	6	52,217	1
8330	Share of other comprehensive income of subsidiaries and affiliates recognized by the equity method	(4,147)	-	(11,592)	-
8349	Less: income taxes related to non-reclassified items	16,276	1	5,863	-
	Total items not reclassified to profit or loss	116,683	5	36,142	1
8360	Items that may be reclassified to profit or loss subsequently				
8361	Exchange difference from translation of the financial statements of foreign operations	(521)	-	431	-
8380	Share of other comprehensive income of subsidiaries recognized by the equity method	(1)	-	739	-
8399	Less: income taxes related to items that may be reclassified	(104)	-	86	-
	Total items that may be reclassified to profit or loss subsequently	(418)	-	1,084	-
8300	Other comprehensive income for this period (net of tax)	116,265	5	37,226	1
8500	Total comprehensive income for this period	\$ 240,822	10	331,172	13
	Earnings per share (NTD) (Note 6(23))				
9750	Basic earnings per share	\$ 0.99		2.33	
9850	Diluted earnings per share	\$ 0.98		2.32	

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Ordinary share capital	Additional paid-in capital	Statutory reserves	Special reserves	Undistributed earnings	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity
Balance on January 1, 2022	\$ 1,143,259	1,267,418	163,624	33,469	567,167	(3,173)	(22,962)	3,148,802
Net income for the period	-	-	-	-	293,946	-	-	293,946
Other comprehensive income for the period	-	-	-	-	1,817	1,084	34,325	37,226
Total comprehensive income for this period	-	-	-	-	295,763	1,084	34,325	331,172
Allocation and distribution of earnings:								
Appropriation of legal reserve	-	-	23,474	-	(23,474)	-	-	-
Common share cash dividend	57,163	-	-	-	(57,163)	-	-	-
Ordinary share stock dividend	-	-	-	-	(57,163)	-	-	(57,163)
Reversal of special reserves	-	-	-	(7,333)	7,333	-	-	-
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	-	1,664	-	-	-	-	-	1,664
Changes in ownership interests in subsidiaries	-	(4,574)	-	-	2,209	-	(2,848)	(5,213)
Others	-	-	-	-	(3)	-	-	(3)
Balance on December 31, 2022	1,200,422	1,264,508	187,098	26,136	734,669	(2,089)	8,515	3,419,259
Net income for the period	-	-	-	-	124,557	-	-	124,557
Other comprehensive income for the period	-	-	-	-	38	(418)	116,645	116,265
Total comprehensive income for this period	-	-	-	-	124,595	(418)	116,645	240,822
Allocation and distribution of earnings:								
Appropriation of legal reserve	-	-	29,797	-	(29,797)	-	-	-
Common share cash dividend	-	-	-	-	(60,021)	-	-	(60,021)
Ordinary share stock dividend	60,021	-	-	-	(60,021)	-	-	-
Reversal of special reserves	-	-	-	(26,136)	26,136	-	-	-
Changes in ownership interests in subsidiaries	-	(108,674)	-	-	(3,450)	-	-	(112,124)
Balance on December 31, 2023	\$ 1,260,443	1,155,834	216,895	-	732,111	(2,507)	125,160	3,487,936

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income before tax for the period	\$ 173,512	379,664
Items adjusted:		
Income and expense items		
depreciation expense	149,943	137,123
Amortization expenses	7,268	7,484
Gains on reversal of expected credit impairment	(29)	(977)
Net gains on financial assets and liabilities at fair value through profit or loss	(8,892)	(2,897)
Interest expenses	34,121	24,874
Interest income	(4,579)	(1,539)
Dividend income	(1,929)	(2,922)
Share of losses of subsidiaries and affiliates recognized by the equity method	87,184	57,179
Gains on disposal and retirement of properties, plants and equipment	(17,452)	(332)
Total income and expense items	245,635	217,993
Changes in assets/liabilities related to operating activities:		
Notes receivable (including related parties)	28,932	9,747
Accounts receivable (including related parties)	(98,047)	(166,000)
Lease payments receivable (including related parties)	(9,069)	10,489
Other receivables (including related parties)	-	(349)
Inventories	10,848	8,338
Prepayments (including related parties)	1,149	(7,306)
Other current assets	(1,681)	(1,486)
Increase in contract liabilities	33	-
Notes payable	4,000	(102)
Accounts payable (including related parties)	21,333	157,805
Other payables (including related parties)	3,996	18,974
Other current liabilities	8,403	2,014
Net defined benefit liabilities	253	211
Total net changes in assets and liabilities related to operating activities	(29,850)	32,335
Cash inflow from operation	389,297	629,992
Interests received	4,579	1,539
Interests paid	(30,645)	(23,624)
Income taxes paid	(50,923)	(90,810)
Net cash inflow from operating activities:	312,308	517,097

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang **Manager: Ching-wen Liu** **Chief Accounting Officer: Ya-mei Huang**

ShareHope Medicine Co., Ltd.
Cash Flow Statement (Continued)
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (20,020)	(44,126)
Capital returned due to capital reduction in financial assets at fair value through other comprehensive income	26,514	16,250
Disposal of financial assets at fair value through profit or loss	71,171	3,548
Acquisition of equity method investments	(1,800)	-
Disposal of equity method investments	-	2,000
Acquisition of property, plant and equipment	(203,200)	(1,214,159)
Disposal of property, plant and equipment	37,564	100,801
Acquisition of intangible assets	(2,363)	(1,884)
Decrease (increase) in other non-current assets	3,739	(4,674)
Decrease in refundable deposits	33,220	5,571
Dividends received	4,977	4,085
Cash outflow from investing activities:	<u>(50,198)</u>	<u>(1,132,588)</u>
Cash flows from financing activities:		
Increase in short-term loans	50,000	-
Decrease in short-term loans	-	(30,000)
Borrowing of long-term loans	1,194,000	1,194,000
Repayment of long-term loans	(1,203,808)	(328,617)
Increase in deposits received	3,027	9,055
Lease principal payment	(47,168)	(45,669)
Distribution of cash dividends	(60,021)	(57,163)
Cash (outflow) inflow from financing activities	<u>(63,970)</u>	<u>741,606</u>
Increase in cash and cash equivalents for the period	198,140	126,115
Balance of cash and cash equivalents at the beginning of the period	769,708	643,593
Balance of cash and cash equivalents at the end of the period	<u><u>\$ 967,848</u></u>	<u><u>769,708</u></u>

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Notes to the Parent Company Only Financial Statements
2023 and 2022
(Unless otherwise specified, all amounts are in NT\$ thousand)

Company History

ShareHope Medicine Co., Ltd. (hereinafter referred to as the Company) was established with the approval of the Ministry of Economic Affairs on October 13, 2003, with its registered address at 19th Floor, No. 168 Jingguo Road, Taoyuan District, Taoyuan City. The Company is mainly engaged in wholesale and retail sales of medicines and hygiene materials, leasing of assets for medical institutions to undertake related medical services, and physical examinations for Taiwanese people and foreign labors, on-site medical support services, hemodialysis business management and ophthalmic medical management in collaboration with medical institutions.

Date and Procedure of the Approval of the Financial Statements

The Parent Company Only Financial Statements was approved and issued by the Board of Directors on March 15, 2024.

Application of Newly Issued and Amended Standards and Interpretations

The impact of adopting newly issued and amended standards and interpretations approved by the Financial Supervisory Commission

The Company adopted the following newly amended terms of the IFRSs on January 1, 2023, which made no significant impact on the Parent Company Only Financial Statements.

- Amendment to “Disclosure of Accounting Policies” under IAS 1
- Amendment to “Definition of Accounting Estimates” under IAS 8
- Amendment to “Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction” under IAS 12

The impact of not yet adopting the IFRSs approved by the Financial Supervisory Commission

The Company adopted the following newly amended terms of the IFRSs effective from January 1, 2024, based on evaluation, which will not have a significant impact on the Parent Company Only Financial Statements.

- Amendment to “Classification of Liabilities as Current or Non-current” under IAS 1
- Amendment to “Non-current Contractual Liabilities” under IAS 1
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to “Requirements for Sale and Leaseback Transactions” under IFRSs 16

Newly issued and amended standards and interpretations that have not yet been approved by the Financial Supervisory Commission

The Company expects that the following unapproved newly issued and amended standards will not have a significant impact on the Parent Company Only Financial Statements.

- Amendment to “Sales or Investment of Assets between Investors and Their Affiliates or Joint Ventures” under IFRSs 10 and IAS 28
- Amendment to “Insurance Contracts” under IFRSs 17 and amendment to IFRSs 17
- Amendment to “Comparative Information on the Initial Application of IFRSs 17 and IFRSs 9” under IFRSs 17
- Amendments to IAS 21 “Lack of Exchangeability”

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Summary of Major Accounting Policies

The major accounting policies adopted in the Parent Company Only Financial Statements, which have been consistently applied to all periods stated in the Parent Company Only Financial Statements, are summarized as follows:

(I) Compliance statement

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

(II) Preparation basis

1. Measurement basis

The Parent Company Only Financial Statements is prepared on the basis of historical cost, except for the following important items in the balance sheet:

- (1) Financial assets at fair value through profit or loss based on fair value measurement;
- (2) Financial assets at fair value through other comprehensive income based on fair value measurement; and
- (3) Net defined benefit liabilities which are measured by deducting the present value of defined benefit obligations from the fair value of pension fund assets.

2. Functional currency and presentation currency

The Company takes the currencies dominant in the primary economic environment in which it operates as its functional currencies. The Parent Company Only Financial Statements is presented in New Taiwan dollars, one of the functional currencies of the Company. All financial information expressed in New Taiwan Dollars is presented in NT\$ thousand.

(III) Foreign currencies

1. Foreign currency transactions

Foreign currencies are translated into functional currencies at the exchange rate on the transaction date through foreign currency transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated into functional currencies at the exchange rate on that day.

Foreign currency non-monetary items measured at fair value are translated into functional currencies at the exchange rate on the date of fair value measurement, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date. Foreign currency exchange differences arising from translation are normally recognized in profit or loss, except for equity instruments measured at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are translated into New Taiwan dollars at the exchange rate at the reporting date, and income and expenses are translated into New Taiwan dollars at the average exchange rate of the current period. The exchange differences generated thereof are recognized in other comprehensive income.

When the disposal of a foreign operation results in loss of control, joint control, or significant impact, the cumulative exchange differences related to the foreign operation shall be reclassified into profit or loss in full. Upon partial disposal of a subsidiary with foreign operations, the related cumulative translation differences shall be reattributed to non-controlling interests on a pro-rata basis. Upon partial disposal of investments in affiliates or joint ventures with foreign operations, the related cumulative translation differences shall be reclassified to profit or loss on a pro-rata basis.

If there is no settlement plan for the monetary receivables or payables of a foreign operation and they are impossible to settle in the foreseeable future, foreign exchange gains and losses arising therefrom shall be regarded as part of the net investment in the foreign operation and recognized in other comprehensive income.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, while any asset other than current assets is classified as non-current assets:

1. The asset is expected to be realized in the normal operating cycle of an enterprise, or is intended for selling or consumption;
2. The asset is held primarily for trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalent, except for assets subject to other restrictions on exchanging such assets or settling liabilities by the assets at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while any liability other than current assets is classified as non-current liabilities:

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

1. The liability is expected to be settled in the normal operating cycle of an enterprise;
2. The liability is held primarily for trading;
3. The liability is expected to be settled within 12 months after the reporting period; or
4. The liability belongs to liabilities for which the enterprise does not have the right to unconditionally defer settlement for at least 12 months after the reporting period. The terms concerning liabilities, which stipulate that liabilities may be settled by issuing equity instruments at the option of the counterparty, do not affect the classification of such liabilities.

(V) Cash and cash equivalents

Cash includes cash on hand, cheques, and demand deposits. A cash equivalent refers to a short-term and highly liquid investment that can be converted into a fixed amount of cash at any time with minimal risk of value fluctuation. Time deposits that meet the aforementioned definition and are held for short-term cash commitments rather than investment or other purposes are presented in cash equivalents.

(VI) Financial instruments

Accounts receivable are initially recognized when incurred. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual terms of the instruments. Financial assets or financial liabilities not at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance.

1. Financial assets

For the purchase or sale of financial assets in compliance with customary transactions, the Company shall consistently adopt the trade date or settlement date accounting for all purchases and sales of financial assets classified in the same manner.

Financial assets upon initial recognition are classified as investments in equity instruments at fair value through other comprehensive income or financial assets at fair value through profit or loss.

The Company shall reclassify all affected financial assets from the first day of the next reporting period only if it changes its operating model for financial asset management.

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

At initial recognition, the Company may make an irrevocable election to present the subsequent changes in the fair value of investments in equity instruments not held for trading in other comprehensive income. The aforementioned election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the cost of an investment) is recognized in profit or loss. The remaining net profits or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date on which the Company is entitled to receive the dividend (usually the ex-dividend date).

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

Financial assets that do not belong to the aforementioned financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company shall irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Such assets are subsequently measured at fair value, and their net profits or losses (including any dividends and interest income) are recognized in profit or loss.

(3) Impairment of financial assets

The Company shall recognize expected credit losses on financial assets measured at amortized cost (including cash and equivalents, notes and accounts receivable (including related parties), other receivables, finance lease receivables, and deposits) in loss allowances.

The loss allowances of the following financial assets are measured at 12-month expected credit losses, while those of other financial assets are measured at lifetime expected credit losses.

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

The loss allowances for notes and accounts receivable (including related parties) and finance lease receivables are measured at lifetime expected credit losses.

Lifetime expected credit losses refer to expected credit losses resulting from all possible default events over the expected life of the financial instrument.

12-month expected credit losses refer to expected credit losses resulting from financial instrument default events that are possible within 12 months after the reporting date (or a shorter period, if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for measuring expected credit losses is the longest contract period during which the Company will be exposed to credit risk.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

In case of determining whether the credit risk has increased significantly since initial recognition, the Company shall consider reasonable and verifiable information (obtainable without excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the past experience, credit evaluation, and forward-looking information of the Company.

If an contract payment is overdue beyond the agreed payment terms, the Company shall assume that there are signs of credit risk on the financial asset.

If an contract payment is more than 120 days overdue, the Company shall assume that there is a significant increase in the credit risk on the financial asset.

If an contract payment is more than 180 days overdue, the Company shall consider the financial asset to be in default.

Expected credit losses are the probability-weighted estimates of the expected lifetime credit losses of financial instruments. Credit losses, which are measured at the present value of all cash shortfalls, are the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

The Company shall evaluate whether the financial assets measured at amortized cost are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences of credit impairment of financial assets include observable information about the following situations:

- Significant financial difficulties of the issuer.
- Default, such as more than 180 days delayed or overdue; or
- Disappearance of an active market for that financial asset due to financial difficulties.

When the Company cannot reasonably expect the recovery of a financial asset in whole or in part, it shall directly reduce the total carrying amount of the financial asset. For corporate accounts, the Company shall analyze the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable, and expect that the written-off amount will not be significantly reversed. However, written-off financial assets are still enforceable to comply with the the Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Company shall derecognize a financial asset when it has terminated its contractual rights to the cash flows from the asset, or has transferred the financial asset and has transferred substantially all the risks and rewards of ownership of the asset to other enterprises, or has neither transferred nor retained substantially all the risks and rewards of the ownership and has not retained control over the financial asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity based on the substance of the contractual agreements and the definitions of the financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument refers to any contract that evidences a residual interest in the assets of the Combined Company after deducting all of its liabilities. The equity instruments issued by the Company are recognized as the amount obtained after deducting direct issuance costs.

(3) Financial liabilities

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

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

(4) Derecognition of financial liabilities

The Company shall derecognize financial liabilities when contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different from that of the original liability, the original financial liability shall be derecognized, and the new financial liability is recognized at fair value based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount and the total consideration paid or payable is recognized in profit or loss.

(5) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

sheet only when the Company currently has a legally enforceable right to set off the asset and liability, and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

An embedded derivative is separated from the host contract provided that certain conditions are met and the host contract is not a financial asset.

A derivative is initially recognized and subsequently measured at fair value, and any gain or loss arising from remeasurement is directly recognized in profit or loss.

(VII) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes the acquisition and other costs incurred in bringing the inventories to the location and condition in which they are available for use, and is calculated by the weighted average method.

Net realizable value refers to the estimated selling price in the ordinary course of business minus the estimated selling costs.

(VIII) Investments in affiliates

An affiliate is one that the Company has significant influence on its financial and operating policies but does not have control or share joint control over it.

The Company adopts the equity method to account for its interests in affiliates. Under the equity method, the initial acquisition is recognized at cost, with the transaction costs included in the investment costs. The carrying amount of an investment in an affiliate includes the goodwill identified at original investment, minus any accumulated impairment loss.

The Parent Company Only Financial Statements comprise profits and losses and other comprehensive income of each investee affiliate recognized based on the equity ratio after adjustments consistent with the Company's accounting policies, from the date of significant influence to the date significant influence is lost. In the event of a change in equity of an affiliate that is not in profit or loss or other comprehensive income and does not affect the shareholding ratio of the Company, the Company shall recognize the change in equity of the affiliate attributable to it in additional paid-in capital according to its shareholding ratio.

Unrealized gains and losses arising from transactions between the Company and affiliates shall be recognized in corporate financial statements only within the scope of the equity of investors in affiliates. When the share of loss of an affiliate that shall be recognized by the Company pro rata equals or exceeds its equity in the affiliate, it shall stop recognition of the loss. The additional losses and related liabilities shall be recognized only to the extent that legal obligations and constructive obligations have occurred or payments have been made on behalf of the investee.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, the Company applies the equity method to valuating the investees controlled by it. Under the equity method, the allocated amount of the current profits and losses and other comprehensive income in the Parent Company Only Financial Statements is the same as that of the current profits and losses and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owner's equity in the Parent Company Only Financial Statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Changes in the ownership interests of the Company in subsidiaries that do not lead to loss of control shall be accounted for as equity transactions with the owners.

(X) Investment properties

Investment properties refer to real estate properties held to earn rentals or for capital appreciation (or both), rather than for sale in normal operation, provision of goods or services, or administrative purposes.

Investment properties are initially measured at cost and subsequently measured at cost minus accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value shall be accounted for in accordance with the regulations on property, plant and equipment.

Gains or losses on disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) shall be recognized in profit or loss.

The rental income of investment properties is recognized as other income by the straight-line method during the lease term. The lease incentives given are recognized as part of the lease income during the lease term.

(XI) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost minus accumulated depreciation and any accumulated impairment.

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

2. Subsequent costs

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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

3. Depreciation

Depreciation is calculated by deducting residual value from the asset cost, and recognized in profit or loss over the estimated useful life by the straight-line method.

Land shall not be depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|-----------------------------|-------------|
| (1) Machinery and equipment | 1~8 years |
| (2) Office equipment | 2~10 years |
| (3) Leasehold improvements | 3~10 years |
| (4) Other equipment | 2~5 years |
| (5) Leased assets | 5~8 years |
| (6) Houses and buildings | 28~30 years |

The Company shall review the depreciation method, useful life, and residual value at each reporting day, and make appropriate adjustments when necessary.

(XII) Leases

The Company shall assess whether a contract is or contains a lease at the date the contract is entered into. A contract is or contains a lease if the contract transfers control over the use of identified assets for a period of time in exchange for consideration.

1. Lessee

The Company shall recognize the right-of-use assets and the lease liabilities at the commencement date of a lease. The right-of-use assets are initially measured at cost, which includes the original measurement amount of the lease liabilities.

The right-of-use assets are subsequently depreciated by the straight-line method from the commencement date of a lease to the maturity date of the useful life or the lease term of the right-of-use assets, whichever is earlier. In addition, the Company shall assess whether the right-of-use assets are impaired on a regular basis and handle any impairment losses incurred, and adjust the right-of-use assets in conjunction with the remeasurement of the lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement date of a lease. If the interest rate implicit in the lease is easy to determine, the interest rate shall be the discount rate; if it is not easy to determine, it shall be the incremental borrowing rate of the Combined Company. In general, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities include:

- (1) Fixed payments (including in-substance fixed payments);
- (2) Variable lease payments that are dependent on an index or a rate and are measured using the index or rate at the lease commencement date.

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

- (1) Changes in future lease payments due to changes in the index or rate used to determine lease payments;
- (2) Changes in the evaluation of the purchase option of the underlying assets;
- (3) Changes in the evaluation of the lease term due to changes in the estimation of whether to exercise extension or termination options;
- (4) Changes in the subject matter, scope, or other terms of the leases.

When a lease liability is remeasured due to changes in the index or rate used to determine lease payments as well as changes in the evaluation of purchase, extension, or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and the remaining remeasurement amount shall be recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of a lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company shall present the right-of-use assets and lease liabilities that do not meet the definition of

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

investment property as separate line items in the balance sheet.

For the short-term lease of some buildings and transportation equipment and the lease of low value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognize the relevant lease payments as expenses during the lease term on a straight-line basis.

2. Lessor

Transactions in which the Company is the lessor are classified at the commencement date of the lease based on whether the lease contracts transfer substantially all the risks and rewards attached to the ownership of the underlying asset. If so, the transactions are classified as finance leases, otherwise they are classified as operating leases. When evaluating, the Company shall consider relevant specific indicators including whether the lease term covers the main part of the economic life of the underlying asset.

If the Company is an intermediate lessor in a sublease, the master lease and sublease transactions shall be handled separately, and the sublease transaction shall be classified based on evaluation on the right-of-use asset generated by the master lease. If the master lease is a short-term lease and the recognition exemption applies, the sublease transaction shall be classified as an operating lease.

Assets held under finance leases are presented as finance lease receivables at the net investments in the leases. The original direct costs arising from negotiation and arrangement of an operating lease is included in the net investment in the lease. The net investment in lease is apportioned and recognized as interest income during the lease term in a manner that reflects the fixed rate of return for each period. For operating leases, the Company recognizes the lease payments received as rental income on a straight-line basis during the lease term.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Intangible assets with a limited useful life acquired by the Company, including management rights, are measured at cost less accumulated amortization.

2. Subsequent expenditures

Subsequent expenditures are capitalized only if the future economic benefits of the relevant specific assets can be increased. All other expenditures are recognized in profit or loss as incurred.

3. Amortization

Except for goodwill, amortization is measured at asset cost less estimated residual value, and is recognized in profit or loss by the straight-line method over the expected useful lives of the intangible assets from the time when they are serviceable.

The estimated useful lives for the current and comparative periods are as follows:

(1) Computer software 3 years

(2) Management rights 12 years

The Company shall review the amortization method, useful life, and residual value of intangible assets at each reporting day, and make appropriate adjustments when necessary.

(XIV) Impairment of non-financial assets

The Company shall evaluate whether there are any signs of impairment in the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) at each reporting date. In case of any such sign, the recoverable amount of the assets shall be estimated.

For the purpose of impairment test, a group of assets with the majority of cash inflows independent of the cash inflows of other individual assets or asset groups is designated as the smallest identifiable asset group. Goodwill shall be tested for impairment on an annual and regular basis.

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

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

An impairment loss shall be recognized immediately in profit or loss. In a cash-generating unit, the carrying

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

amount of the amortized goodwill is reduced first; then the carrying amount of other assets is reduced pro rata.

An impairment loss for goodwill is never reversed. Non-financial assets other than goodwill are reversed only if they are not above the carrying amount (net of depreciation or amortization) that they would have been without the recognized impairment loss in previous years.

(XV) Recognition of revenue

After the Company identifies performance obligations under a customer contract, the transaction price is allocated to each performance obligation and revenue is recognized when each performance obligation is fulfilled.

Revenue from contracts with customers is measured by the consideration to which they are expected to be entitled for the transfer of goods or services. The Company recognizes the revenue when control of goods or services is transferred to customers and performance obligations are fulfilled.

Sales of goods

Revenue from product sales mainly comes from sales of products such as medicines and medical materials. The Company recognizes revenue and accounts receivable when the customer has rights to determine the value of and use the products and bears the primary responsibility for re-selling the products and the risk of obsolescence after the products sold arrive at the place designated by the customer or the products are actually delivered to the customer. Prepayments for product sales are recognized as contract liabilities before the transfer of control of the product to the customer.

Service income

Service income mainly comes from undertaking physical examinations for Taiwanese people and foreign labors, on-site medical support services, hemodialysis business management, ophthalmic medical management in collaboration with medical institutions, and is recognized as income when performance obligations are fulfilled.

Income from medical equipment rental

The Company provides medical equipment leasing services and recognizes related income during the financial reporting period for providing labor services.

Estimates of revenue, costs and completion are modified in case of any change, and the resulting increase or decrease will be reflected in profit or loss during the period when the management becomes aware of the change and makes correction.

Under a fixed price contract, the customer pays a fixed amount according to the agreed schedule. Services provided that exceed the payment are recognized as a contract asset, while a payment that exceeds the services provided is recognized as a contract liability.

(XVI) Employee benefits

1. Defined contribution plans

Contribution obligations to the defined contribution pension plans are recognized as expenses over the period in which the employees render services.

Defined benefit plans

The Company's net obligations to the defined benefit plans are calculated by converting the future benefit amount earned from services provided by employees in the current or previous period for each benefit plan into the present value, less the fair value of any plan assets.

The defined benefit obligations are actuarialized annually by a qualified actuary using the projected unit credit method. Assets are recognized to the extent of not exceeding the present value of any economic benefits that would be available in the form of refunds of contributions from the plan or reductions in future contributions to the plan when the calculations may be favorable to the Company. The present value of economic benefits is calculated in consideration of any minimum funding requirement.

The remeasurement amount of net defined benefit liabilities (assets), including actuarial profits, return on plan assets (excluding interest), and any change in the effects of asset caps (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expenses on the net defined benefit liabilities based on the net defined benefit liabilities and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses of defined benefit plans are recognized in profit or loss.

Any change in benefits related to prior service costs or reduced benefits or losses arising from program modifications and reduction are immediately recognized in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan upon the occurrence of liquidation.

Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are rendered. If the Company has a present legal or constructive obligation to pay for the prior services rendered by employees and the obligation can be reliably estimated, the amount is recognized as a liability.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XVII) Income taxes

Income tax includes current and deferred income taxes. Except for items directly recognized in other comprehensive income, current income taxes and deferred income taxes shall be recognized in profit or loss.

Current income taxes include the estimated income taxes payable or tax rebates receivable calculated based on the taxable (losses) income of the current year, as well as any adjustments to the income taxes payable of the previous years. The amount is the best estimate of the expected payables and receivables based on the statutory tax rate or substantively enacted tax rate at the reporting date.

Deferred income taxes are measured and recognized based on the temporary difference between the carrying amount of an asset or liability for financial reporting purposes and its tax base. Deferred income taxes are not recognized for temporary differences arising from:

1. Assets or liabilities that were not originally recognized for a business combination and does not affect accounting profits and taxable income (losses) at the time of the transaction;
Temporary differences arising from investments in subsidiaries and affiliates under the circumstances where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future; and
Taxable temporary differences arising from the original recognition of goodwill.

Unused tax losses and unused income tax credits as well as deductible temporary differences are recognized as deferred income tax assets provided that it is probable that future taxable income will be available for use. And they shall be reassessed at each reporting date, and shall be reduced if it is not probable that related income tax benefit will be realized, or the original reduced amount shall be reversed if it becomes probable that sufficient taxable income will be available.

Deferred income taxes are measured at the tax rate when the expected temporary differences are reversed, based on the statutory tax rate or substantially enacted tax rate at the reporting date.

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

1. Has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities that are subject to income taxes by the same tax authority;
the same taxable entity; or
different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be recovered or settled.

(XVIII) Earnings per share

The Company shall present the basic and diluted earnings per share (EPS) attributable to the ordinary equity holders of the Company. The basic EPS of the Company is calculated by dividing the profits and losses attributable to the ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares in the current period. Diluted EPS is calculated by adjusting the profits and losses attributable to the ordinary equity holders of the Company and the weighted average number of outstanding ordinary shares for the effect of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are distributed to employees as employee remuneration.

(XIX) Department Information

The department information of the Company has been disclosed in the Consolidated Financial Statements, and thus is not disclosed in the Parent Company Only Financial Statements.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates and Assumptions

The management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses in preparing the Parent Company Only Financial Statements. Actual results may differ from these estimates.

The management shall review estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future periods affected.

The uncertainty of the following assumptions and estimates carries significant risk of causing a major adjustment to the carrying amount of assets and liabilities in the next financial year, and has already reflected the impact of COVID-19 epidemic. The relevant information is as follows:

(I) Valuation of accounts receivable

When there are objective evidences indicating signs of impairment in the assumptions of default rate and expected loss rate of the Company, the Company shall make assumptions and select inputs for impairment

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

assessment in consideration of past experience, current market conditions and forward-looking information. If the actual cash flows in the future are less than expected, a significant impairment loss may be incurred. Please refer to Note 6 (4) for details on the provision of accounts receivable impairment.

- (II) Valuation of stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income

Given that stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income are measured at fair value, the Company has to rely on external expert evaluation mechanisms to determine the fair value through human judgments, assumptions, and calculations on estimates. Changes in such assumptions due to changes in market and economic conditions may significantly affect the adjustment of fair value recognition. Please refer to Note 6 (3) for details on valuation of stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income.

- (III) Impairment assessment of investments in subsidiaries

The Company's management assesses impairment based on the future cash flow forecast of the cash-generating units to which the investments in a subsidiary's assets belong. Changes in the economic conditions of the market in which the subsidiary operates or changes in its operating strategies may result in material adjustments to the impairment due to irrecoverable carrying amount of the investments in the subsidiary.

The accounting policies and disclosures of the Company include the fair value measurement of its financial assets. The Company has established relevant internal control systems for fair value measurement, including significant fair value measurements (including Level 3 fair value measurements) reviewed by accountants, which shall be reported directly to the Chief Financial Officer. Accountants regularly review significant unobservable inputs and adjustments. If the inputs used to measure fair value are based on external third-party information, accountants will evaluate the evidence provided by the third party in support of the inputs to determine that the valuation and its fair value classification are in compliance with IFRSs.

The Company shall adopt market observable inputs to measure its financial assets whenever possible. The fair value hierarchy categorizes the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: Inputs for assets or liabilities other than quoted prices included within Level 1 that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices).
 - Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
- In the event of a transfer among the levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date.

Please refer to Note 6 (28) below for information about the assumptions adopted in fair value measurement of financial instruments.

Explanation of Significant Accounting Items

- (I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 3,856	3,175
Demand deposits	913,231	716,108
Cash equivalents - repurchase bonds	50,761	50,425
	<u><u>\$ 967,848</u></u>	<u><u>769,708</u></u>

Please refer to Note 6 (28) for disclosure of interest rate risk and sensitivity analysis of the financial assets of the Company.

Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Fund beneficiary certificates	\$ 10,463	10,341
TPEX listed stocks	-	61,912
Non-TWSE/TPEX listed stocks	19,684	20,174
	<u><u>\$ 30,147</u></u>	<u><u>92,427</u></u>
Current	\$ 10,463	10,341
Non-current	19,684	82,086
	<u><u>\$ 30,147</u></u>	<u><u>92,427</u></u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

In 2023 and 2022, the Company recognized dividend income of NT\$300 thousand and NT\$2,922 thousand, respectively, for the investment in equity instruments mandatorily measured at fair value through profit or loss.

On February 21, 2023, the Consolidated Company disposed of all the equity at fair value through profit or loss in Crystalvue Medical Corporation. At disposal, its fair value was NT\$71,171, and the accumulated gain or loss on disposal was NT\$34,300.

Please refer to Note 6 (27) for the amount recognized in profit or loss based on fair value remeasurement. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Stocks issued by non-TWSE/TPEx listed companies	\$ 168,503	119,270
Stocks issued by non-listed foreign companies	341,871	273,661
Limited partnership interests	100,296	87,122
	<u>\$ 610,670</u>	<u>480,053</u>

The investments in equity instruments are held by the Company as long-term strategic investments and not for trading purposes, and thus they have been designated to be measured at fair value through other comprehensive income.

The Company did not dispose of any strategic investment in 2023 and 2022, and the accumulated gains and losses during the two years have not been transferred within equity.

The equity instruments of the limited partnerships invested in by the Company are classified as financial assets at fair value through other comprehensive income. According to the IFRS Q&A issued by the Accounting Research and Development Foundation on June 15, 2023, such investments should be classified as financial assets at fair value through profit or loss. However, the Q&A states that it shall be applied from July 1, 2023. The equity instruments of the limited partnerships invested in by the Company were acquired in 2021, so there is no need for retrospective application.

Please refer to Note 6 (28) for credit risk and market risk information.

Notes and accounts receivable and finance lease receivables - current

	December 31, 2023	December 31, 2022
Notes receivable	\$ 703	884
Notes receivable - related parties-	-	28,751
Accounts receivable - measured at amortized cost-	49,429	42,379
Accounts receivable - related parties - measured at amortized cost--	1,069,349	978,352
Accounts receivable - finance lease payments - measured at amortized cost--	291	388
Accounts receivable - related parties - finance lease payments - measured at amortized cost---	11,961	6,267
Less: loss allowances	(216)	(245)
Unrealized interest income	(1,477)	(1,005)
	<u>\$ 1,130,040</u>	<u>1,055,771</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The Company estimates the expected credit losses on notes and accounts receivable and financial lease receivables (including related parties) by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such notes and accounts receivable and financial lease receivables (including related parties) are grouped based on the common credit risk characteristics that represent customers' abilities to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

The expected credit losses on notes and accounts receivable and finance lease receivables (including related parties) of the Company are analyzed as follows:

	December 31, 2023		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,130,040	0.00%~0.02%	216
Less than 60 days overdue	216	0.01%~2.11%	-
	<u>\$ 1,130,256</u>		<u>216</u>

	December 31, 2022		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,055,917	0.00%~0.03%	245
Less than 60 days overdue	99	0.02%~2.53%	-
	<u>\$ 1,056,016</u>		<u>245</u>

The changes in the loss allowances for notes and accounts receivable and finance lease receivables (including related parties) of the Company are analyzed in the table below:

	2023	2022
Beginning balance	\$ 245	1,222
Reversal gains on impairment losses	(29)	(977)
Ending balance	<u>\$ 216</u>	<u>245</u>

Other receivables

	December 31, 2023	December 31, 2022
Other receivables- related parties	\$ 722	589
Less: loss allowances	-	-
	<u>\$ 722</u>	<u>589</u>

Please refer to Note 6 (28) for information on credit risk.

Finance lease receivables

The Company subleases machinery and equipment for a period of two to five years, with an implied interest rate of 5% to 12.33% under the lease agreements, covering the entire remaining period of the main lease agreement. Therefore, such subleases are classified as finance leases.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The maturity analysis of lease payments is presented in the following table based on the undiscounted lease payments to be received after the reporting date:

	December 31, 2023	December 31, 2022
Less than one year	\$ 12,252	6,655
1~2 years	8,951	3,884
2~3 years	4,824	3,154
3~4 years	1,985	3,154
4~5 years	1,599	1,985
More than 5 years	-	1,599
Gross investment in the lease	29,611	20,431
Unearned finance income	(2,866)	(2,755)
Present value of lease payments receivable	\$ 26,745	17,676
Current	\$ 10,775	5,650
Non-current	15,970	12,026
	\$ 26,745	17,676

The Company estimates the financial lease receivables by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such financial lease receivables are grouped based on the characteristics of the common credit risks arising from the abilities of representative customers to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

No loss allowance had to be provisioned due to increased risk of expected credit losses on the financial lease receivables of the Company on December 31, 2023 and 2022.

Please refer to Note 6 (28) for details about credit risk.

Inventories

	December 31, 2023	December 31, 2022
Medicines and medical materials	\$ 41,977	41,321

Particulars of sales costs of the Company are as follows:

	December 31, 2023	December 31, 2022
Cost of inventories sold	\$ 1,555,603	1,456,091

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Disposal of equity method investments

- The equity method investments of the Company at the reporting date are listed as follows:

	December 31, 2023	December 31, 2022
Subsidiary	\$ 656,546	836,063
Associate	750	3,957
	<u>\$ 657,296</u>	<u>840,020</u>

Subsidiary

Please refer to the Consolidated Financial Statements for 2023.

Affiliates

The consolidated financial information of the Company's individually insignificant affiliates that apply the equity method is given below, and amounts included in the Company's Parent Company Only Financial Statements are as follows:

	December 31, 2023	December 31, 2022
Total carrying amount of equity in individually insignificant affiliates at the end of the period	<u>\$ 750</u>	<u>3,957</u>

	2023	2022
Share attributable to the Company		
Net income for the period	\$ (68)	15
Other comprehensive income	(3,139)	(7)
Total comprehensive income	<u>\$ (3,207)</u>	<u>8</u>

Changes in ownership interests in subsidiaries

- Acquisition of additional equity in subsidiaries

On December 29, 2023, the Company acquired another 8% of the equity of the subsidiary, Medzoneasia Co., Ltd., leading to an increase of its equity from 83.47% to 91.47%.

	2023
Carrying amount of non-controlling interests acquired	\$ 11,679
Consideration paid to non-controlling interests	(22,500)
Additional paid-in capital - the difference between the price and book value of equity actually acquired and disposed of	<u>\$ (10,821)</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Disposal of some equity in subsidiaries without loss of control

The Company, subsidiary Pregetic Medical Health Co., Ltd. (hereinafter referred to as Pregetic Health Company), and Mytrex Health Co., Ltd. (hereinafter referred to as Mytrex Health Company) each transferred 20% of their equity in Digimed Co., Ltd. (hereinafter referred to as Digimed) to Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia) in April 2022, with the base date for equity delivery being April 1, 2022. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction.

The impact of the above transaction on Medzoneasia is as follows:

	2022
Carrying amount of the equity acquired in Digimed	\$ 1,008
Consideration paid to the Company, Pregetic Health Company, and Mytrex Health Company	(6,000)
	<u>\$ (4,992)</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ (2,341)
Deficit yet to be compensated	(2,651)
	<u>\$ (4,992)</u>

The impact of the above transaction on the Company is as follows:

Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ 1,664
Additional paid-in capital - changes in ownership interests in subsidiaries	(1,409)
Undistributed earnings	(1,597)
	<u>\$ (1,342)</u>

Subsidiary's buyback and cancellation of treasury stock without loss of control

Medzoneasia bought back 7,246 thousand shares of treasury stock after resolution of extraordinary Shareholders' Meeting on February 8, 2023, and cancelled equity of NT\$72,457 thousand in accordance with the law, resulting in an increase in the Company's shareholding ratio of it from 60.21% to 83.47%. Since there was difference between the cost of treasury stock bought back by the Subsidiary amounting to NT\$227,434 thousand and the net carrying amount, and there was no change in the Company's control over Medzoneasia, it shall be accounted for as an equity transaction.

The impact of the above transaction on The Company is as follows:

	2023
Decrease in equity attributable to subsidiaries after buyback of treasury shares	\$ (190,433)
Increase in equity in proportion to the equity interest attributable to subsidiaries after buyback of treasury shares	89,282
Additional paid-in capital-recognized changes in ownership interests in subsidiaries	<u>\$ (101,151)</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

No participation in subsidiaries' cash capital increase without loss of control

In June 2022, the Company did not subscribe for new shares issued by Pregetic Health Company based on its shareholding ratio, resulting in a decrease in its shareholding ratio from 39.93% to 38.90%. Given that the Company remains control over Pregetic Health Company even though it did not participate in the subsidiary's capital increase by issuance of new shares pursuant to employee share option schemes based on its shareholding ratio, the transaction shall be accounted for as an equity transaction.

The impact of the above transaction on the Company is as follows:

	<u>2022</u>
Decrease in equity attributable to subsidiaries' employees after exercising stock options by purchasing new shares	\$ (462)
Equity attributable to subsidiaries' employees recognized in the newly issued shares based on their equity ratio after exercising stock options by purchasing new shares	<u>(2,704)</u>
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<u><u>\$ (3,166)</u></u>

Disposal of equity instruments at fair value through other comprehensive income and changes of affiliates recognized by the equity method.

	<u>2022</u>	
	<u>Mytrex Health Company</u>	<u>Chungyuan Medical Management Co., Ltd.</u>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in undistributed earnings	<u>\$ (75)</u>	<u>3,852</u>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>\$ 75</u>	<u>(2,894)</u>
Changes of affiliates recognized by the equity method	<u>\$ 1</u>	<u>-</u>
The Company's impact on the above transactions is as follows:		
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<u>\$ 1</u>	<u>-</u>
Unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>\$ 46</u>	<u>(2,894)</u>
Undistributed earnings	<u>\$ (46)</u>	<u>3,852</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Property, plant and equipment

		Land	Houses and buildings	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Leased assets	Unfinished projects and equipment to be inspected	Total
Cost:										
Balance on January 1, 2023	\$	651,352	514,180	185,081	14,691	45,712	14,854	339,290	65,943	1,831,103
Increase		-	-	2,771	1,052	-	8,084	74,897	60,075	146,879
Reclassification		-	-	-	-	-	28,000	86,514	(126,018)	(11,504)
Disposal		-	-	(6,559)	(300)	(4,570)	(5,096)	(53,730)	-	(70,255)
Revaluation		-	-	(919)	-	-	-	-	-	(919)
Balance on December 31, 2023	\$	651,352	514,180	180,374	15,443	41,142	45,842	446,971	-	1,895,304
Balance on January 1, 2022	\$	-	-	200,714	13,779	47,481	14,685	388,333	-	664,992
Increase		651,352	514,180	4,709	1,770	238	474	26,774	65,943	1,265,440
Reclassification		-	-	(18,280)	-	-	-	16,463	-	(1,817)
Disposal		-	-	(2,062)	(858)	(2,007)	(305)	(92,280)	-	(97,512)
Balance on December 31, 2022	\$	651,352	514,180	185,081	14,691	45,712	14,854	339,290	65,943	1,831,103
Accumulated depreciation:										
Balance on January 1, 2023	\$	-	9,998	137,450	11,063	36,222	14,267	242,574	-	451,574
Depreciation for the year		-	17,139	26,564	2,254	3,557	2,979	45,191	-	97,684
Disposal		-	-	(6,549)	(274)	(4,570)	(5,096)	(53,730)	-	(70,219)
Balance on December 31, 2023	\$	-	27,137	157,465	13,043	35,209	12,150	234,035	-	479,039
Balance on January 1, 2022	\$	-	-	118,834	9,946	34,437	13,742	284,843	-	461,802
Depreciation for the year		-	9,998	28,069	1,920	3,792	752	40,663	-	85,194
Reclassification		-	-	(7,453)	-	-	-	6,347	-	(1,106)
Disposal		-	-	(2,000)	(803)	(2,007)	(227)	(89,279)	-	(94,316)
Balance on December 31, 2022	\$	-	9,998	137,450	11,063	36,222	14,267	242,574	-	451,574
Book value:										
December 31, 2023	\$	651,352	487,043	22,909	2,400	5,933	33,692	212,936	-	1,416,265
December 31, 2022	\$	651,352	504,182	47,631	3,628	9,490	587	96,716	65,943	1,379,529

Please refer to Note 8 for details of long-term loan guarantees that have been provided as of December 31, 2023 and 2022.

(XI) Right-of-use assets

		Houses and buildings	Transportation equipment	Total
Cost:				
Balance on January 1, 2023	\$	447,986	14,092	462,078
Increase		-	5,085	5,085
Decrease		-	(2,200)	(2,200)
Reclassification		(2,248)	2,248	-
Balance on December 31, 2023	\$	445,738	19,225	464,963
Balance on January 1, 2022	\$	446,109	17,780	463,889
Increase		8,361	3,166	11,527
Decrease		(6,484)	(6,854)	(13,338)
Balance on December 31, 2022	\$	447,986	14,092	462,078
Accumulated depreciation:				
Balance on January 1, 2023	\$	80,501	8,230	88,731
Provision for depreciation		44,281	5,894	50,175
Other decreases		-	(2,200)	(2,200)
Balance on December 31, 2023	\$	124,782	11,924	136,706
Balance on January 1, 2022	\$	44,974	7,500	52,474
Provision for depreciation		44,253	5,342	49,595
Other decreases		(8,726)	(4,612)	(13,338)
Balance on December 31, 2022	\$	80,501	8,230	88,731
Book value:				

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

December 31, 2023	<u>\$ 320,956</u>	<u>7,301</u>	<u>328,257</u>
December 31, 2022	<u>\$ 367,485</u>	<u>5,862</u>	<u>373,347</u>

Investment properties

The Company's investment properties are its self-owned assets. The rental income from leased investment properties is a fixed amount.

	<u>Land and land improvements</u>	<u>Houses and buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 156,113	64,636	220,749
Disposal for the period	(3,472)	(27,967)	(31,439)
Balance on December 31, 2023	<u>\$ 152,641</u>	<u>36,669</u>	<u>189,310</u>
Balance on January 1, 2022 (i.e. balance on December 31)	<u>\$ 156,113</u>	<u>64,636</u>	<u>220,749</u>
Accumulated depreciation:			
Balance on January 1, 2023	\$ -	20,852	20,852
Depreciation for the year	-	2,084	2,084
Disposal for the period	-	(10,713)	(10,713)
Balance on December 31, 2023	<u>\$ -</u>	<u>12,223</u>	<u>12,223</u>
Balance on January 1, 2022	\$ -	18,518	18,518
Depreciation for the year	-	2,334	2,334
Balance on December 31, 2022	<u>\$ -</u>	<u>20,852</u>	<u>20,852</u>
Carrying amount:			
December 31, 2023	<u>\$ 152,641</u>	<u>24,446</u>	<u>177,087</u>
December 31, 2022	<u>\$ 156,113</u>	<u>43,784</u>	<u>199,897</u>
Fair value:			
December 31, 2023			<u>\$ 308,680</u>
December 31, 2022			<u>\$ 342,787</u>

The fair value of an investment property is based on the valuation of independent appraisers with recognized professional qualifications and recent relevant experience in the location and type of the investment property being evaluated. The inputs used in the valuation technique to measure its fair value fall into the third level.

The valuation of fair value is based on market value. In the absence of current prices in an active market, valuation is based on the estimated total cash flow expected to be received from leasing a property, or the development and replacement costs of the property, and the value of the property is determined by adopting a capitalization rate for returns that reflects the specific risks inherent in the net cash flow for discount and a comprehensive capital interest rate. The proportion range of the above parameters is as follows:

<u>Location</u>	<u>2023</u>	<u>2022</u>
Tayuan District, Taoyuan City	2.19%	1.92%
Xitun District, Taichung City	-	0.01%

Please refer to Note 6 (18) for the Company's renting of investment properties under operating leases.

Please refer to Note 8 for the amount of the Company's investment properties with collateral as loan guarantee.

To revitalize its assets, the Company's Board of Directors resolved on August 11, 2023 to sell an investment property for NT\$39,500 thousand. The parties signed the sale and purchase contract on September 28, 2023, and the transaction was completed on October 27, 2023. The recognized disposal gain of NT\$17,314 thousand was recorded under "Other income and losses". As of December 31, 2023, the full amount has been received on time.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Intangible assets

	<u>Management rights</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 68,572	34,133	102,705
Increase	933	1,430	2,363
Disposal for the period	-	(145)	(145)
Balance on December 31, 2023	<u>\$ 69,505</u>	<u>35,418</u>	<u>104,923</u>
Balance on January 1, 2022	\$ 68,572	32,129	100,701
Increase	-	2,004	2,004
Balance on December 31, 2022	<u>\$ 68,572</u>	<u>34,133</u>	<u>102,705</u>
Accumulated amortization:			
Balance on January 1, 2023	\$ 62,858	31,409	94,267
Amortization for the period	5,766	1,502	7,268
Disposal for the period	-	(145)	(145)
Balance on December 31, 2023	<u>\$ 68,624</u>	<u>32,766</u>	<u>101,390</u>
Balance on January 1, 2022	\$ 57,143	29,640	86,783
Amortization for the period	5,715	1,769	7,484
Balance on December 31, 2022	<u>\$ 62,858</u>	<u>31,409</u>	<u>94,267</u>
Carrying amount:			
December 31, 2023	<u>\$ 881</u>	<u>2,652</u>	<u>3,533</u>
December 31, 2022	<u>\$ 5,714</u>	<u>2,724</u>	<u>8,438</u>

Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 318,929	352,149
Prepayments for equipment	223	223
Long-term prepayments	934	4,673
	<u>\$ 320,086</u>	<u>357,045</u>

Refundable deposits are operational deposits paid by the Company to ensure the performance of obligations of providing medical system institutions with operations management services.

Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	<u>\$ 50,000</u>	<u>-</u>
Interest rate range	<u>1.90%</u>	<u></u>
Unused quota	<u>\$ 654,358</u>	<u>505,704</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Long-term loans

December 31, 2023			
	Currency	Interest rate range	Expiration month
Secured bank loans	NT\$	2.34%~2.74%	June 2027~April 2031
Less: amount due within one year			(98,769)
Total			<u>\$ 857,319</u>
Unused quota			<u>\$ 620,000</u>

December 31, 2022			
	Currency	Interest rate range	Expiration month
Secured bank loans	NT\$	2.34%~2.45%	June 2027~March 2031
Less: amount due within one year	NT\$		(10,769)
Total			<u>\$ 955,127</u>
Unused quota			<u>\$ 620,000</u>

Please refer to Note 8 for guaranty provided by the Company for bank loans with assets as collateral.

Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 46,827</u>	<u>46,211</u>
Non-current	<u>\$ 291,841</u>	<u>334,540</u>

Please refer to Note 6 (29) Financial Instruments for maturity analysis.

The following amounts are recognized in profit or loss:

	2023	2022
Interest expenses on lease liabilities	<u>\$ 6,965</u>	<u>7,692</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 24,163</u>	<u>23,805</u>
Income from sublease of right-of-use assets	<u>\$ 54,133</u>	<u>36,608</u>
Expenses on short-term and low-value leases	<u>\$ 4,075</u>	<u>4,331</u>

The following amounts are recognized in the cash flow statement:

	2023	2022
Total cash outflows for leases	<u>\$ 82,371</u>	<u>81,497</u>

1. Houses, buildings and transportation equipment

The Company leases houses, buildings, and transportation equipment for operation purposes, typically for a lease term of 3~11 years.

Please refer to Note 6 (18) for the Company's subleasing of part of the right-of-use assets with the consent of the lessor under operating leases.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Other leases

The Company leases some houses, buildings and transportation equipment which are short-term or low value leases, and elects not to recognize related right-of-use assets and lease liabilities by applying recognition exemption.

Operating lease

The Company leases self-owned property, plant and equipment and right-of-use assets under operating leases. Since substantially all the risks and rewards attached to the ownership of the underlying assets have not been transferred, such lease contracts are classified as operating leases. For information on the terms of investment property lease contracts and right-of-use assets, please refer to Note 6 (10) Property, Plant and Equipment and Note 11 Right-of-use Assets respectively.

The maturity analysis of lease payments is presented in the following table based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2023	December 31, 2022
1st year	\$ 139,367	79,475
2nd year	79,260	65,867
3rd year	33,536	32,926
4th year	24,653	3,125
5th year	23,987	2,642
More than 5 years	101,458	13,749
	<u>\$ 402,261</u>	<u>197,784</u>

The rental income from investment properties in 2023 and 2022 was NT\$8,447 thousand and NT\$9,581 thousand, respectively.

Other payables

	December 31, 2023	December 31, 2022
Employee remuneration payable	\$ 70,818	68,509
Salaries and bonuses payable	18,544	17,915
Equipment payables	14,055	71,295
Directors' and supervisors' remuneration payable	1,866	4,082
Business tax payable	2,811	-
Investment payables	22,500	-
Others	25,517	23,427
	<u>\$ 156,111</u>	<u>185,228</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Employee benefits

1. Defined benefit plans

The adjustments to the present value of the Company's defined benefit obligations and the fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022
Present value of a defined benefit obligation	\$ 8,965	8,464
Fair value of plan assets	(734)	(492)
Net defined benefit liabilities	<u>\$ 8,231</u>	<u>7,972</u>

The defined benefit plans of the Company shall be appropriated to the labor retirement reserve account in the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base amount corresponding to the years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds appropriated by the Company in accordance with the Labor Standards Act are managed by the Bureau of Labor Fund Utilization of the Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). In accordance with the "Regulations on the Custody and Utilization of Labor Retirement Fund Income and Expenditure", the minimum annual final distribution amount of the funds shall not be less than the income calculated based on the two-year fixed deposit interest rate of local banks.

As of the reporting date, the balance of the Company's labor retirement reserve account in Bank of Taiwan was NT\$734 thousand. For information on the utilization of labor pension fund assets, including fund yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Fund Utilization of the Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

	2023	2022
Defined benefit obligation as of January 1	\$ 8,464	9,363
Servicing costs and interests for the period	494	440
Remeasurement amount of net defined benefit liabilities		
- Actuarial gains and losses arising from changes in financial assumptions	7	(1,339)
Defined benefit obligation as of December 31	<u>\$ 8,965</u>	<u>8,464</u>

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets as of January 1	\$ (492)	(226)
Interest income	(9)	(2)
Remeasurement amount of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	(1)	(41)
- Adjustment to return on plan assets at the beginning of the period	-	4
Amount allocated to the plan	(232)	(227)
Fair value of plan assets on December 31	<u>\$ (734)</u>	<u>(492)</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

(4) Expenses recognized as profit or loss

	2023	2022
Servicing costs for the period	\$ 368	393
Net interest on net defined benefit liabilities	117	45
	\$ 485	438
Operating costs	\$ 197	186
Operating expenses	288	252
	\$ 485	438

(5) Remeasurement amount of net defined benefit liabilities recognized as other comprehensive income

	2023	2022
Accumulated balance as of January 1	\$ 4,539	3,159
Amount recognized in the period	(5)	1,380
Accumulated balance as of December 31	\$ 4,534	4,539

(6) Actuarial assumptions

	December 31, 2023	December 31, 2022
Discount rate	1.38%	1.50%
Future salary increase	3.00%	3.00%

The Company is excepted to allocate NT\$262 thousand to the defined benefit plans within one year after the reporting date in 2023.

The weighted average duration of defined benefit plans is 11.5 years.

(7) Sensitivity analysis

	<u>Impact on defined benefit obligations</u>	
	Increase ratio	Decrease ratio
December 31, 2023		
Discount rate (0.25% change)	\$ (249)	259
Future salary increase (0.25% change)	250	(242)
December 31, 2022		
Discount rate (0.25% change)	(250)	260
Future salary increase (0.25% change)	252	(244)

The sensitivity analysis mentioned above is based on the analysis of the impact of changes in a single assumption while other assumptions remain unchanged. However, changes in many assumptions may be correlated in practice. The sensitivity analysis is conducted by the same method as used to calculate net defined benefit liabilities on the balance sheet.

The methods and assumptions used in the sensitivity analysis for the period are the same as those used in the previous period.

Defined contribution plans

The Company adopts the defined contribution plans under which it shall contribute 6% of each employee's monthly salary to the labor pension individual account of the Bureau of Labor Insurance, in accordance with the provisions of the Labor Pension Act. The Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance under this plan.

The pensions paid by the Combined Company in 2023 and 2022 under the defined contribution pension plans were NT\$6,026 thousand and NT\$5,833 thousand, respectively.

Income tax

1. The income tax expenses of the Company are as follows:

	2023	2022
Income tax expenses for the period		
Income tax expenses generated in the period	\$ 49,589	86,254

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Income tax expenses for the period before adjustment	(323)	(378)
Deferred tax income	(311)	(158)
income tax expense	<u>\$ 48,955</u>	<u>85,718</u>

The details of the income tax benefits recognized by the Company under other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified to profit or loss:		
Remeasurement amount of defined benefit plans	\$ 1	(276)
Unrealized valuation profits and losses on investments in financial assets at fair value through other comprehensive income	(16,277)	(5,587)
	<u>\$ (16,276)</u>	<u>(5,863)</u>

Items that may be reclassified to profit or loss subsequently

Exchange difference from translation of the financial statements of foreign operations	<u>\$ 104</u>	<u>(86)</u>
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The income tax expenses of the Company directly recognized in equity are as follows:

	<u>2023</u>	<u>2022</u>
Others	<u>\$ -</u>	<u>1</u>

The relationship between the income tax expenses and net income before tax in 2023 and 2022 is adjusted as follows:

	<u>2023</u>	<u>2022</u>
	<u>\$ 173,512</u>	<u>379,664</u>
Income taxes calculated by net profit before tax	\$ 34,702	75,933
Permanent difference	16,814	11,901
Tax-free income	(2,238)	(738)
Overestimation in the previous period	(323)	(378)
Tax incentives	-	(1,000)
	<u>\$ 48,955</u>	<u>85,718</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Deferred income tax assets and liabilities

Deferred income tax assets:

	Defined benefit plans Retirement plan	Investment losses recognized by the equity method	Financial assets at fair value through other comprehensiv e income	Exchange difference from translation of the financial statements of foreign operations	Others	Total
January 1, 2023	\$ 1,638	4,550	-	596	521	7,305
Credited to the income statement	51	240	-	-	21	312
Debited to other comprehensive income	1	-	-	104	-	105
December 31, 2023	\$ 1,690	4,790	-	700	542	7,722
January 1, 2022	\$ 1,872	4,489	1,624	682	466	9,133
Credited to the income statement	42	61	-	-	55	158
Debited to other comprehensive income	(277)	-	(1,624)	(86)	-	(1,987)
Debited to equity	1	-	-	-	-	1
December 31, 2022	\$ 1,638	4,550	-	596	521	7,305

Deferred income tax liabilities:

	Financial assets at fair value through other comprehensive income
January 1, 2023	\$ 3,962
Debited to other comprehensive income	16,277
December 31, 2023	\$ 20,239
January 1, 2022	-
Debited to other comprehensive income	3,962
December 31, 2022	\$ 3,962

The Company's declaration of income tax settlement for profit-making business has been approved by the tax collection authority to have been completed in 2021.

Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2023 and 2022, the total authorized share capital of the Company was NT\$1,500,000 thousand, with a face value of NT\$10 per share and 150,000 thousand shares in total. The aforementioned total authorized capital is ordinary shares with paid-in capital of NT\$1,260,443 thousand and NT\$1,200,422 thousand, respectively. All issued shares have been paid.

The adjustment of the number of outstanding shares of the Company in 2023 and 2022 is shown in the table below:

(in thousand shares)

	Ordinary shares	
	2023	2022
Beginning retained earnings on January 1	120,042	114,326
Capitalization of earnings to increase the capital by	6,002	5,716
Ending retained earnings on December 31	126,044	120,042

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

On June 30, 2023 and June 29, 2022, the shareholders' meeting of the Company approved through a resolution to issue 6,002 thousand and 5,716 thousand new shares with NT\$60,021 thousand and NT\$57,163 thousand from undistributed earnings for capital increase, respectively. The above two proposals for capital increase out of earnings have been reported and put into effect by the Securities and Futures Bureau of the Financial Supervisory Commission, with September 4, 2023 and September 5, 2022 as the base date of capital increase respectively. All relevant statutory procedures have been completed.

Additional paid-in capital

	December 31, 2023	December 31, 2022
Premium on issuance of stocks and conversion of corporate bonds	\$ 1,095,196	1,095,196
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	35,327	46,149
Recognized changes in ownership interests in subsidiaries	18,515	116,367
Lapsed share option	2,896	2,896
Share option for convertible corporate bonds	3,900	3,900
	<u>\$ 1,155,834</u>	<u>1,264,508</u>

According to the Company Act, the realized additional paid-in capital can only be distributed by new shares or in cash in proportion to shareholders' original shares after the additional paid-in capital are used for covering losses. The realized additional paid-in capital mentioned above includes the premium on issuance of stocks exceeding their face value and the income from receiving gifts. According to the Rules Governing the Offering and Issuance of Securities by Issuers, the total amount of additional paid-in capital that shall be appropriated as capital shall not exceed 10% of the paid-in capital each year.

Retained earnings

As per the Company's Articles of Incorporation, a surplus in the annual final accounts shall first be appropriated to pay taxes as per the laws to cover accumulated losses, and then 10% of the surplus shall be appropriated as legal reserves, excluding the case where legal reserves have reached the total capital of the Company. The remaining part shall be appropriated or reversed as special reserves according to the laws and regulations. In case of any surplus remained thereafter, the Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' regular meeting for resolution on the distribution of dividends to shareholders with surplus and accumulated undistributed earnings.

In consideration of the current and future investment environment, capital needs, profitability, capital structure, future operational needs, as well as the interests of shareholders, balanced dividends and the Company's long-term financial plan, etc., dividends will be distributed in cash or stock. The proportion of dividends distributed in cash to shareholders in the current year shall be no less than 20% of the total dividends in the current year, while the rest shall be distributed in stock dividends. However, the actual distribution proportion may be adjusted according to the actual profit and operating conditions of the current year.

(1) Legal reserves

Where the Company does not suffer any loss, a legal reserve shall be distributed by issuing new shares or in cash, through a resolution of the shareholders' meeting, but only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(2) Special reserves

In accordance with the regulations of the Financial Supervisory Commission, for the distribution of distributable earnings, the Company shall appropriate a special reserve from the current profit and loss and the undistributed earnings in the previous period for the difference between the recognized net deduction of other shareholders' equity in the current year and the balance of the special reserve appropriated in the preceding paragraph. The deduction of other shareholders' equity accumulated in the previous period shall be appropriated from undistributed earnings in the previous period to a special reserve and shall not be distributed. If there is a subsequent reversal in the deduction of other shareholders' equity, the reversed amount shall be used for distribution of earnings.

(3) Distribution of earnings

The resolutions on the distribution of earnings for 2022 and 2021 was approve by the shareholders' meetings of the Company on June 30, 2023 and June 29, 2022, respectively, and the amounts of dividends distributed to owners are as follows:

		2022	
		Allotment rate (NT\$)	Amount
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	60,021
Stock		0.50	60,021
			\$ 120,042

		2021	
		Allotment rate (NT\$)	Amount
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	57,163
Stock		0.50	57,163
			\$ 114,326

Other equity (net income after taxes)

	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	\$ (2,089)	8,515	6,426
Exchange difference from translation of the net assets of foreign operations	(417)	-	(417)
Share of unrealized gains or losses of subsidiaries and affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(4,189)	(4,189)
Share of translation differences of subsidiaries applying the equity method	(1)	-	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	-	120,834	120,834
Balance on December 31, 2023	\$ (2,507)	125,160	122,653

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (3,173)	(22,962)	(26,135)
Exchange difference from translation of the net assets of foreign operations	345	-	345
Share of unrealized gains or losses of subsidiaries and affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(12,306)	(12,306)
Share of translation differences of subsidiaries applying the equity method	739	-	739
Unrealized valuation gains on financial assets at fair value through other comprehensive income	-	46,631	46,631
Disposal of equity instruments at fair value through other comprehensive income	-	(2,848)	(2,848)
Balance on December 31, 2022	<u>\$ (2,089)</u>	<u>8,515</u>	<u>6,426</u>

Earnings per share

	2023	2022
Basic earnings per share:		
Net profits attributable to ordinary equity holders of the Company	<u>\$ 124,557</u>	<u>293,946</u>
Weighted average number of outstanding ordinary shares	126,044	126,044
Basic earnings per share (NT\$)	<u>\$ 0.99</u>	<u>2.33</u>
Diluted earnings per share:		
Net profits attributable to ordinary equity holders of the Company (diluted)	<u>\$ 124,557</u>	<u>293,946</u>
Effects of dilutive potential ordinary shares		
Weighted average number of outstanding ordinary shares (basic)	126,044	126,044
Effects of employee remuneration in stock	558	862
Weighted average number of outstanding ordinary shares (diluted)	126,602	126,906
Diluted earnings per share (NT\$)	<u>\$ 0.98</u>	<u>2.32</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Revenue from customer contracts

1. Disaggregation of revenue

2023				
	Sales of goods	Service provision	Leases	Total
Main regional markets:				
Taiwan	\$ 1,658,929	552,283	102,860	<u>2,314,072</u>
Main product/service lines:				
Medicines and medical materials	\$ 1,658,929	-	-	1,658,929
Health care management	-	552,283	-	552,283
Equipment leases	-	-	59,782	59,782
Leases of investment properties	-	-	43,078	43,078
	<u>\$ 1,658,929</u>	<u>552,283</u>	<u>102,860</u>	<u>2,314,072</u>
2022				
	Sales of goods	Service provision	Leases	Total
Main regional markets:				
Taiwan	\$ 1,560,532	861,351	76,597	<u>2,498,480</u>
Main product/service lines:				
Medicines and medical materials	\$ 1,560,532	-	-	1,560,532
Health care management	-	861,351	-	861,351
Equipment leases	-	-	61,211	61,211
Leases of investment properties and properties	-	-	15,386	15,386
	<u>\$ 1,560,532</u>	<u>861,351</u>	<u>76,597</u>	<u>2,498,480</u>

Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 703	884	884
Notes receivable - related parties-	-	28,751	38,498
Accounts receivable	49,429	42,379	48,171
Accounts receivable - related parties-	1,069,349	978,352	806,560
Finance lease receivables	277	332	-
Finance lease receivables - related parties-	10,498	5,318	8,522
Long-term finance lease receivables	-	277	-
Long-term finance lease receivables - related parties-	15,970	11,749	19,643
Less: loss allowances	(216)	(245)	(1,222)
	<u>\$ 1,146,010</u>	<u>1,067,797</u>	<u>921,056</u>

Please refer to Note 6 (4) and (6) for the disclosure of notes and accounts receivable (including related parties) and their impairment.

Remuneration to employees and directors

According to the Company's Articles of Incorporation, 6% to 10% of the annual profit (if any) shall be appropriated as remuneration to employees and not more than 3% as remuneration to directors. However, the allowances for the Company's accumulated losses shall be set aside from the profit first. The objects to which

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

the employees' remuneration referred to in the preceding paragraph is paid in stock or cash include employees of affiliated companies who meet certain requirements.

The estimated amounts of employees' remuneration of the Company recognized in 2023 and 2022 were NT\$11,194 thousand and NT\$24,494 thousand, respectively, and the estimated amounts of directors' remuneration were NT\$1,866 thousand and NT\$4,082 thousand, respectively. The estimates were based on the Company's net profit before tax as of that period less employees' and directors' remuneration, multiplied by the distribution percentages of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the remuneration was presented in operating expenses for that period. In case of a difference between the actual distribution amount in the following year and the estimated amount recognized, it shall be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

In 2022 and 2021, the Company appropriated \$24,494 thousand and \$19,466 thousand respectively for employees' remuneration, and \$4,082 thousand and \$3,244 thousand respectively for directors' remuneration, which did not differ from the resolutions on distribution of employees' and directors' remuneration by the Company's Board of Directors in 2022 and 2021. Relevant information can be found on the MOPS.

Other net income and expenses

Other net income and expenses of the Company in 2023 and 2022 are as follows:

	2023	2022
Revenue from subleases of right-of-use assets	\$ 37,372	36,608
Net gains on disposal and retirement of properties, plants and equipment	17,314	332
	<u>\$ 54,686</u>	<u>36,940</u>

Non-operating income and expenses

1. Interest income

	2023	2022
Bank deposit interest	\$ 3,834	1,399
Other interest income	745	140
	<u>\$ 4,579</u>	<u>1,539</u>

Other income

	2023	2022
Rental income	\$ 707	942
Dividend income	1,929	2,922
Directors' and supervisors' remuneration income	394	312
Others	5,648	6,273
	<u>\$ 8,678</u>	<u>10,449</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Other gains and losses

	2023	2022
Gains on financial assets at fair value through profit or loss	\$ 8,892	2,897
Foreign exchange loss	-	2
Others	(163)	(73)
	<u>\$ 8,729</u>	<u>2,826</u>

Finance costs

	2023	2022
Interest on loans from financial institutions	\$ 26,194	15,030
Amortization of syndication fees	962	2,152
Amortization of interest on lease liabilities	6,965	7,692
	<u>\$ 34,121</u>	<u>24,874</u>

Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk.

(2) Concentration of credit risks

The credit risks of the Company are mainly concentrated on its largest customers. As of December 31, 2023 and 2022, 83% and 85% of the balance of accounts receivable were owed by the largest customers, which indicates a significant concentration of the Company's credit risks.

(3) Credit risk of accounts receivable

Please refer to Note 6 (4) and (6) for information on the exposure of notes and accounts receivable and finance lease receivables to credit risk.

Other financial assets measured at amortized cost include other receivables, restricted bank deposits and refundable deposits.

The other receivables, restricted bank deposits and refundable deposits held by the Company are considered to be of low credit risk as the counterparties and other performing parties are creditworthy or financial institutions rated investment grade or above.

The Company made no provision of loss allowances for other receivables, restricted bank deposits and refundable deposits measured at amortized cost as of December 31, 2023 and 2022 due to increased 12-month expected credit losses.

Liquidity risk

The contractual maturities of financial liabilities are showed in the following table, including the effect of estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contractual cash flows	Paid immediately or within 1 month	Within 6 months	6-12 months	1-3 years	Over 3 years
December 31, 2023							
Non-derivative financial liabilities							
Non-interest bearing liabilities \$	804,816	804,816	404,229	400,587	-	-	-
lease liabilities	338,668	366,019	4,553	22,748	25,649	92,312	220,757
Floating rate instruments	1,006,088	1,086,778	52,844	61,069	61,467	873,992	37,406
	<u>\$ 2,149,572</u>	<u>2,257,613</u>	<u>461,626</u>	<u>484,404</u>	<u>87,116</u>	<u>966,304</u>	<u>258,163</u>
December 31, 2022							
Non-derivative financial liabilities							
Non-interest bearing liabilities \$	807,401	807,401	286,772	520,629	-	-	-
lease liabilities	380,751	414,950	4,441	22,190	26,505	98,164	263,650
Floating rate instruments	965,896	1,042,733	2,502	13,967	14,946	341,740	669,578
	<u>\$ 2,154,048</u>	<u>2,265,084</u>	<u>293,715</u>	<u>556,786</u>	<u>41,451</u>	<u>439,904</u>	<u>933,228</u>

The Company does not expect a significantly earlier occurrence of cash flows based on the due date analysis or significant differences between the actual amounts and estimates.

Exchange rate risk

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(1) Exposure to exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risk are as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate (NT\$)	NT\$	Foreign currency	Exchange rate (NT\$)	NT\$	
Financial asset							
Non-monetary							
items							
USD	\$	11,134	30.71	341,925	8,911	30.71	273,661
CNY		6,382	4.327	27,615	6,655	4.408	29,335

Interest rate analysis

The exposure of the Company's financial liabilities to interest rate risk is illustrated in Liquidity Risk Management section in this note.

The sensitivity analysis below is based on the exposure of non-derivative instruments to interest rate risk at the reporting date. The analysis of floating rate liabilities is based on the assumption that the outstanding liabilities at the reporting date are outstanding throughout the year. The rate of change in the interest rate reported to major management personnel of the Company is the interest rate plus or minus 20 basis points, which also represents the management's evaluation on the reasonably possible range of changes in the interest rate.

If the interest rate increases or decreases by 20 basis points, while all other variables remain unchanged, the pre-tax net profit of the Company for 2023 and 2022 will increase or decrease by NT\$2,012 thousand and NT\$1,932 thousand, mainly due to changes in the interest rate of the Company's floating rate loans.

Other price risks

The impact of changes in the price of equity securities (the analysis of the two periods is conducted on the same basis and other factors are assumed to remain unchanged) on the comprehensive income item at the reporting day is as follows:

<u>Price of securities at the reporting date</u>	<u>2022 Post-tax profit or loss</u>
Up 10%	\$ <u>6,191</u>
Down 10%	\$ <u>(6,191)</u>

Information on fair values

Type and fair value of financial instruments

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of all types of financial assets and financial liabilities (including fair value level information, but for financial instruments not measured at fair value with carrying amounts reasonably approximate to their fair values as well as lease liabilities, fair value information is not required to be disclosed according to the regulations) are listed as follows:

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,463	10,463	-	-	10,463
Non-TWSE/TPEX listed stocks	19,684	-	-	19,684	19,684
Subtotal	30,147	10,463	-	19,684	30,147
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEX listed stocks	168,503	-	-	168,503	168,503
Non-overseas listed stocks	341,871	-	-	341,871	341,871
Limited partnership interests	100,296	-	-	100,296	100,296
Subtotal	610,670	-	-	610,670	610,670
Financial assets at amortized cost					
Cash and cash equivalents	967,848	-	-	-	-
Restricted bank deposits	30,000	-	-	-	-
Notes and accounts receivable (including related parties)	1,119,265	-	-	-	-
Other receivables (including related parties)	722	-	-	-	-

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Finance lease receivables (including those due within one year)	26,745	-	-	-	-
Subtotal	2,144,580	-	-	-	-
Total	\$ 2,785,397	10,463	-	630,354	640,817
Financial liabilities at amortized cost					
Bank loans	\$ 50,000	-	-	-	-
Notes and accounts payable (including related parties)	646,540	-	-	-	-
Other payables (including related parties)	158,276	-	-	-	-
Lease liabilities (including those due within one year)	338,668	-	-	-	-
Long-term loans (including those due within one year)	956,088	-	-	-	-
Total	\$ 2,149,572	-	-	-	-

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

December 31, 2022					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,341	10,341	-	-	10,341
TPEX listed stocks	61,912	61,912	-	-	61,912
Non-TWSE/TPEX listed stocks	20,174	-	-	20,174	20,174
Subtotal	92,427	72,253	-	20,174	92,427
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEX listed stocks	119,270	-	-	119,270	119,270
Non-overseas listed stocks	273,661	-	-	273,661	273,661
Limited partnership interests	87,122	-	-	87,122	87,122
Subtotal	480,053	-	-	480,053	480,053
Financial assets at amortized cost					
Cash and cash equivalents	769,708	-	-	-	-
Restricted bank deposits	30,000	-	-	-	-
Notes and accounts receivable (including related parties)	1,050,121	-	-	-	-
Other receivables (including related parties)	589	-	-	-	-
Finance lease receivables (including those due within one year)	17,676	-	-	-	-
Subtotal	1,868,094	-	-	-	-
Total	\$ 2,440,574	72,253	-	500,227	572,480
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 621,207	-	-	-	-
Other payables (including related parties)	186,194	-	-	-	-
Lease liabilities (including those due within one year)	380,751	-	-	-	-
Long-term loans (including those due within one year)	965,896	-	-	-	-
Total	\$ 2,154,048	-	-	-	-

(1) Valuation techniques for fair value of financial instruments measured at fair value

If there is a quoted price in an active market for a financial instrument, that price shall be used for measuring fair value. The market prices, announced by the main exchanges and the over-the-counter trading center for central government bonds that are judged to be popular, are the basis for the fair value of listed equity instruments and the debt instruments with a quoted price in an active market. If a quoted price for a financial instrument can be obtained from exchanges, brokers, underwriters, industry associations, pricing service institutions or competent authorities in a timely manner and on a regular basis, and represents actual fair market transactions with sufficient frequency, it is determined that there is a quoted price in an active market for the financial instrument. Where the above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in bid-ask spread, or a low transaction volume indicates an inactive market.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The fair values of financial instruments held by the Company traded in active markets are presented below by type and attribute:

- Stocks issued by TPEX listed companies

The fair value of a financial asset that is subject to standard terms and conditions and traded in an active market is determined with reference to the quoted price in the market. Except for the aforementioned financial instruments traded in active markets, the fair value of other financial instruments is determined by valuation techniques or with reference to quoted prices from counterparties. The fair value obtained through valuation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow model or other valuation techniques, including by using models based on market information available on the balance sheet date.

The fair values of financial instruments held by the Company without an active market are presented below by type and attribute:

- Equity instruments without quoted prices: The fair value is estimated using the market comparable company method and asset method, mainly based on the ratio of the estimated market price to earnings per share of the investee, the earnings multiplier derived from quoted market prices of comparable TWSE/TPEX listed companies, as well as the equity value of net assets. The estimate has adjusted the effect of discount of the equity securities due to lack of market liquidity.

(2) There was no change in the fair value hierarchy of financial assets in 2023 and 2022.

(3) Table of Changes in Level 3

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted prices
January 1, 2023	\$ 20,174	480,053
Total gains or losses		
Recognized in profit or loss	(490)	-
Recognized in other comprehensive income	-	137,111
Purchase	-	20,020
Capital returned due to capital reduction	-	(26,514)
December 31, 2023	\$ 19,684	610,670
January 1, 2022	\$ 22,928	399,960
Total gains or losses		
Recognized in profit or loss	(2,754)	-
Recognized in other comprehensive income	-	52,217
Purchase	-	44,126
Capital returned due to capital reduction	-	(16,250)
December 31, 2022	\$ 20,174	480,053

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The above total gains or losses are presented in "other gains and losses" and "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income". Among them, those related to the assets still held on December 31, 2023 and 2022 are as follows:

	2023	2022
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	\$ (490)	(2,754)
Recognized in other comprehensive income (presented in "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income")	137,111	52,217

(4) Quantitative information on significant unobservable inputs (level 3) used for fair value measurement.

The inputs of fair value measurement of the Company categorized into level 3 mainly comprise financial assets at fair value through other comprehensive income - equity securities investment and financial derivatives. Most of the fair values of the Company categorized into level 3 are with only a single significant unobservable input except that equity instrument investments without an active market are with multiple significant unobservable inputs. Significant unobservable inputs of equity instrument investments without an active market are independent of each other, without any correlation among them.

Analysis of the sensitivity of fair value to reasonably possible alternative assumptions for measurement of level 3 fair values

The fair value measurement of financial instruments by the Company is reasonable, whereas different valuation models or parameters used for measurement may result in different valuation results. The impact of the changes in evaluation parameters for financial instruments categorized into Level 3 on profits and losses or other comprehensive income for the period is as follows:

	Inputs	Up or down changes	Changes in fair value reflected in profit or loss for the period		Changes in fair value reflected in other comprehensive income for the period	
			Favorable changes	Adverse changes	Favorable changes	Adverse changes
December 31, 2023						
Financial assets at fair value through profit or loss						
Non-TWSE/TPEX listed stocks	Liquidity discount	5%	\$ 1,230	(1,230)	-	-
Financial assets at fair value through other comprehensive income						
Non-TWSE/TPEX and non-overseas listed stocks	Liquidity discount	5%	-	-	42,301	(28,722)
December 31, 2022						
Financial assets at fair value through profit or loss						
Non-TWSE/TPEX listed stocks	Liquidity discount	5%	1,261	(1,261)	-	-
Financial assets at fair value through other comprehensive income						
TWSE/TPEX and overseas listed stocks	Liquidity discount	5%	-	-	31,107	(30,986)

Favorable and adverse changes for the Company refer to fluctuations in fair value, which are calculated by using valuation techniques based on different degrees of unobservable input parameters. For a financial instrument whose fair value is affected by more than one input, the above table only reflects the impact of changes in a single input, and the correlation and variability among the inputs are not taken into account.

Financial risk management

1. Summary

The Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

This note presents the information on the Company's exposure to the above risks, as well as its objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the Parent Company Only Financial Statements.

Risk management framework

The Management Department of the Company analyzes and manages the financial risks related to the operation of the Company based on the degree and breadth of the risks.

Credit risk

Credit risk refers to the risk of financial losses of the Company due to the failure to perform contractual obligations by customers or counterparties of financial instruments, mainly from the Company's accounts receivable due from customers and securities investments.

(1) Accounts receivable and other receivables

The management of the Company assigns a dedicated team responsible for the determination of credit lines, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. The Company reviews the recoverable amounts of receivables separately at the reporting date to ensure that appropriate impairment losses have been provisioned for uncollectible receivables.

(2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the management of the Company. The counterparties and other performing parties of the Company are creditworthy or financial institutions rated investment grade or above, which generates no major doubt for performance of the contract, so the Company faces no significant credit risk.

Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents for various positions to support the operation of the Company and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank credit lines and ensures compliance with the terms of the loan contracts.

Bank loans and the issuance of commercial paper are important sources of liquidity for the Company. As of December 31, 2023 and 2022, the unused credit lines of the Company were NT\$1,274,358 thousand and NT\$1,125,704 thousand, respectively.

Market risk

(1) Interest rate risk

Market risk refers to the risk that changes in market prices, such as changes in exchange rates, interest rates, and the price of equity instruments, may affect the Company's income or the value of financial instruments held by it. The objective of market risk management is to maintain acceptable levels of market risk exposure and optimize investment returns.

(2) Other market price risks

The Company is exposed to equity price risk arising from the investments in TPEX listed equity securities. Such equity investments not held for trading are strategic investments. The Company does not actively trade these investments, and its management manages the risks by holding various risk-based portfolios.

Capital management

By capital management, the Company ensures continuing operation of all companies in the Group, and maximizes shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Company is composed of its net debt (i.e., loans less cash and cash equivalents) and equity (i.e., share capital, additional paid-in capital, retained earnings and other equity items). The Company balances its overall capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing new debts or repaying old debts, based on the recommendations of the key management personnel.

Investing and financing activities in non-cash transactions

The non-cash investing and financing activities of the Company in 2023 and 2022 are as follows:

1. Please refer to Note 6 (11) for details on obtaining the right-of-use assets through leasing.

Cash paid for purchase of property, plant and equipment is as follows:

	2023	2022
Acquisition of property, plant and equipment	\$ 146,879	1,265,440
Net changes in equipment payables in subsidiaries	56,321	(51,281)
Cash paid	<u>\$ 203,200</u>	<u>1,214,159</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Cash received from disposal of property, plant and equipment is as follows:

	2023	2022
Disposal of property, plant and equipment	\$ 37,564	3,528
Net changes in equipment receivables	-	97,273
Cash received	<u>\$ 37,564</u>	<u>100,801</u>

The adjustments to liabilities from financing activities are as follows:

	112.1.1	Cash flows	Changes in non-cash items		December 31, 2023
			Lease changes	Others	
Short-term loans	\$ -	50,000	-	-	50,000
Long-term loans (including those due within one year)	965,896	(9,808)	-	-	956,088
Deposits received	12,411	3,027	-	-	15,438
Lease liabilities (including those due within one year)	380,751	(47,168)	5,085	-	338,668
	<u>\$ 1,359,058</u>	<u>(3,949)</u>	<u>5,085</u>	<u>-</u>	<u>1,360,194</u>

	January 1, 2022	Cash flows	Changes in non-cash items		December 31, 2022
			Lease changes	Others	
Short-term loans	\$ 30,000	(30,000)	-	-	-
Long-term loans (including those due within one year)	100,513	865,383	-	-	965,896
Deposits received	3,356	9,055	-	-	12,411
Lease liabilities (including those due within one year)	414,893	(45,669)	11,527	-	380,751
	<u>\$ 548,762</u>	<u>798,769</u>	<u>11,527</u>	<u>-</u>	<u>1,359,058</u>

Transactions with Related Parties

(I) Parent company and ultimate controlling party

Minsheng Medical Holding Co., Ltd., the parent company of the Company, holds 28.79% of the Company's outstanding ordinary shares.

Name of and relationship with related parties

The related parties who have traded with the Company during the period covered by the Parent Company Only Financial Statements are as follows:

Name of the related party	Relationship with the Company
Minsheng Medical Holding Co., Ltd.	Parent
Chungyuan Medical Management Co., Ltd.	Subsidiary
Pregetic Medical Health Co., Ltd. (hereinafter referred to as Pregetic Health Company)	Subsidiary
Hung-Han Health Business Co., Ltd. (hereinafter referred to as Hung-Han Company)	Subsidiary
Hanting Digital Technology Co., Ltd.	Subsidiary
Fuyi Health Management Consulting Co., Ltd.	Subsidiary
Chinachem Biomedical Co., Ltd.	Subsidiary
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia, formerly known as Medzoneasia Co., Ltd.)	Subsidiary
Mytrex Health Co., Ltd. (hereinafter referred to as Mytrex Health	Subsidiary

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Company)	
Mytrex Industries Inc.	Subsidiary
Mytrex USA Co.	Subsidiary
Sheng Yo Rehabilitative Technologies, Inc.	Subsidiary
Macro Global Co., Ltd. (hereinafter referred to as Macro Global)	Subsidiary
ShareHope Medicine (HongKong) Co., Ltd.	Subsidiary
Minsheng (Tianjin) Investment Management Co., Ltd.	Subsidiary
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Subsidiary
Shengshih Technology Co., Ltd.	Subsidiary
Digimed Co., Ltd.	Subsidiary
TECHGROUP Integrate Design Co., Ltd.	Subsidiary
YES Health Co., Ltd. (hereinafter referred to as YES Health Company)	Subsidiary
Employee Community Co., Ltd.	Substantial related party
Chiehpang Technology Co., Ltd.	Substantial related party (has become a non-related party since the first quarter of 2022)
Minsheng Asset Management Co., Ltd.	Substantial related party
Pisheng Construction Co., Ltd (hereinafter referred to as Pisheng Construction)	Substantial related party
Minsheng General Hospital	Substantial related party (Minsheng medical system)
Lungtan Minsheng Hospital	Substantial related party (Minsheng medical system)
Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
Home Nursing Center attached to Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
Po'en Management Consulting Co., Ltd.	Substantial related party
Shengli Management Consulting Co., Ltd. (hereinafter referred to as Shengli Management Consulting Company)	Substantial related party
Mingta Medical Technology Co., Ltd. (hereinafter referred to as Mingta Medical Company)	Substantial related party (has become a non-related party since the first quarter of 2023)
Shengyu Health Technologies Co., Ltd.	Substantial related party
Employee Clinic of Hsinchu Science and Industry Park	Substantial related party
United Medical Foundation	Substantial related party
Harvard Clinic	Substantial related party
Shengjen Clinic	Substantial related party (has become a non-related party since the first quarter of 2023)
Fuying Clinic	Substantial related party
Zhiyi Clinic	Substantial related party
Hung-jen Yang	Management personnel (Chairperson of the Company)

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Significant transactions with related parties

1. Sales of goods

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 1,039,719	958,262
Others	74,669	83,652
Subsidiary		
YES Health Company	172,556	176,023
Pregetic Health Company	32	36
	\$ 1,286,976	1,217,973

The sales price determined by the Company for the above-mentioned related party is the purchase cost plus 5% or more, with the payment term being net 90 to 180 days.

Service provision

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 470,530	771,030
Others	22,269	29,360
	\$ 492,799	800,390

The service income of the Company from the above-mentioned related party mainly comes from undertaking medical examinations and inspections, etc. in cooperation with medical institutions. The two parties have entered into a contract by mutual agreement, with the payment term defined as net 30 to 180 days.

Leases

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 40,175	38,848
Tayuan Minsheng Hospital	7,528	7,294
Zhiyi Clinic	15,077	-
Others	6,434	8,730
Subsidiary		
Pregetic Health Company	2,547	1,453
Medzoneasia	19,892	4,286
	\$ 91,653	60,611

The rent paid by the Company to the above-mentioned related party is defined in a lease contract entered into by the two parties by mutual agreement, with the payment period ranging from 30 to 120 days.

Category of the related party	Operating costs and operating expenses - rent expenses	
	2023	2022
Substantial related party - Minsheng General Hospital	\$ 1,245	1,569
Subsidiary - Pregetic Health Company	2,171	2,171
Parent	468	463
	\$ 3,884	4,203

The Company pays monthly rent to the above-mentioned related party in accordance with the general market conditions.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Purchase of goods

Category of the related party	Operating costs	
	2023	2022
Substantial related party	\$ -	1,290
Subsidiary	1,296	1,348
	\$ 1,296	2,638

The prices and payment terms for goods purchased by the Company from the above-mentioned related party are not significantly different from those for general manufacturers, with a payment term of 30 to 120 days upon acceptance.

Receivables due from related parties

Category of the related party	Account items	December 31, 2023	December 31, 2022
Subsidiary			
YES Health Company	Notes receivable	\$ -	28,751
YES Health Company	Accounts receivable	65,834	25,923
Pregetic Health Company	Accounts receivable	242	257
Pregetic Health Company	Finance lease receivables	148	223
Pregetic Health Company	Long-term finance lease receivables	-	147
Medzoneasia	Other receivables	-	238
Pregetic Health Company	Other receivables	109	108
Others	Other receivables	43	82
Substantial related party			
Minsheng General Hospital	Accounts receivable	950,375	893,083
Others	Accounts receivable	52,681	58,844
Minsheng General Hospital	Finance lease receivables	2,565	1,720
Lungtan Minsheng Hospital	Finance lease receivables	1,048	1,108
Tayuan Minsheng Hospital	Finance lease receivables	2,078	2,267
Zhiyi Clinic	Finance lease receivables	4,630	-
Shengyu Health Technologies Co., Ltd.	Finance lease receivables	30	-
Minsheng General Hospital	Long-term finance lease receivables	1,132	-
Lungtan Minsheng Hospital	Long-term finance lease receivables	1,462	1,905
Tayuan Minsheng Hospital	Long-term finance lease receivables	7,619	9,697
Zhiyi Clinic	Long-term finance lease receivables	5,746	-
Shengyu Health Technologies Co., Ltd.	Long-term finance lease receivables	11	-
Minsheng General Hospital	Other receivables	155	77
Zhiyi Clinic	Other receivables	214	-
Others	Other receivables	201	84
		\$ 1,096,323	1,024,514

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Payables to related parties

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Minsheng General Hospital	Accounts payable	\$ 12	1,809
Others	Accounts payable	128	1,434
Minsheng General Hospital	Other payables	1,048	545
Others	Other payables	563	83
Parent	Other payables	-	41
Subsidiary	Accounts payable	569	619
Subsidiary	Other payables	-	-
Others	Other payables	264	190
The management	Other payables	290	107
		\$ 2,874	4,828

Others

Category of the related party	Account items	2023	2022
Parent	Other income and losses - rental income	\$ 577	571
Parent	Operating expenses - advertising expenses	-	-
Substantial related party			
Minsheng General Hospital	Operating cost - other expenses	2,686	4,359
Shengli Management Consulting Company	Operating cost - other expenses	4,800	4,800
Others	Operating cost - other expenses	-	1,114
Employee Community Company	Operating expenses - advertising expenses	129	7
Minsheng General Hospital	Other income and losses - rental income	28,824	28,639
Others	Other income and losses - rental income	595	2,776
Minsheng General Hospital	Other income - others	991	891
Others	Other income - others	1,857	938
Mingta Medical Company	Dividend income	-	2,422
Subsidiary	Operating cost - other expenses	-	187
Subsidiary	Operating expenses - other expenses	100	48
Subsidiary	Operating expenses - donations	-	3
Medzoneasia	Other income - others	2,266	-
Mytrex Health Company	Other income - others	110	105
Others	Other income - others	144	-
		\$ 42,502	46,289

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Pisheng Construction	Prepayments	\$ 3,739	3,739
Others	Prepayments	46	-
Pisheng Construction	Long-term prepayments	935	4,673
Minsheng General	Refundable deposits	250,000	282,340
Hospital			
Others	Refundable deposits	31,686	31,686
Minsheng General	Deposits received	5,041	6,391
Hospital			
Tayuan Minsheng	Deposits received	902	3,003
Hospital			
Others	Deposits received	3,652	1,421
Parent	Refundable deposits	82	82
Subsidiary	Refundable deposits	500	500
Subsidiary	Deposits received	4,305	-
Parent	Deposits received	101	100
		\$ 300,989	333,935

Disposal of financial assets

		2022		
Category of the related party	Account items	Number of shares traded (thousand shares)	Object of transaction	Gains or losses on disposal (presented in additional paid-in capital)
Subsidiary- Medzoneasia Co., Ltd. (formerly Medzoneasia)	Equity method investments	200	Ordinary share equity of Digimed	\$ 2,000
				1,664

The above disposal of financial assets is an organizational restructuring under common control, and the difference between the disposal price and the book value comes from the corresponding adjustments to the book value of equity method investments in subsidiaries and the Company's additional paid-in capital under equity item. Please refer to Note 6 (9) for details.

Endorsement/Guarantee

Category of the related party	December 31, 2023	December 31, 2022
Substantial related party - Minsheng General Hospital	\$ 228,736	227,598

Transactions with key management personnel

Remuneration paid to key management personnel includes:

	2023	2022
Short-term employee benefits	\$ 27,492	27,568
Post-employment benefits	749	751
	\$ 28,241	28,319

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Pledged Assets

The book values of the assets pledged as collateral by the Company are as follows:

Name of the asset	Pledge object	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost - non-current	Bank loans	\$ 30,000	30,000
Investment properties	Bank loans	177,087	178,420
Property, plant and equipment	Bank loans	1,138,395	1,155,534
		\$ 1,345,482	1,363,954

Material Contingent Liabilities and Unrecognized Contractual Commitments

Material unrecognized contractual commitments

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	\$ 10,474	67,408
Purchase of intangible assets	546	546
Guaranteed notes issued for bank loan contracts	2,545,000	2,485,000
	\$ 2,556,020	2,552,954

Material Losses from Disasters: none.

Material Subsequent Events: none.

Others

(I) Employee benefits, and depreciation and amortization expenses are summarized by function as follows:

By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By property						
Employee benefit expenses						
Remuneration expenses	82,531	57,442	139,973	79,138	69,010	148,148
Labor and health insurance expenses	6,934	4,489	11,423	6,600	4,317	10,917
Pension expenses	4,115	2,396	6,511	3,827	2,444	6,271
Remuneration to directors	-	5,383	5,383	-	7,677	7,677
Other employee benefit expenses	3,279	2,726	6,005	3,180	2,689	5,869
depreciation expense	108,597	41,346	149,943	85,577	51,546	137,123
Amortization expenses	6,879	389	7,268	6,575	909	7,484

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Additional information on the number of employees and employee benefit expenses in 2023 and 2022 is as follows:

	2023	2022
Number of employees	161	155
Number of directors who do not concurrently serve as employees	7	6
Average employee benefit expenses	\$ 1,064	1,149
Average employee salary expenses	\$ 909	994
Adjustment to average employee salary expenses	(8.55)%	6.42%
Supervisors' remuneration	\$ -	-

Information on the Company's remuneration policy (including directors, managers and employees) is as follows:

- The Company has formulated a salary assessment method for employees, which is based on the job category of an employee with consideration of the salary for his/her job in the market. An employee's remuneration includes monthly salaries, as well as operating performance bonuses and earnings distributed from the Company's profits, based on his/her job performance and contribution, and the amount of remuneration shall be submitted to the Remuneration Committee for review and to the Board of Directors for approval.

The Company is committed to providing employees with a salary higher than the industry average.

The Company's recruitment of managers and remuneration payment for them are based on talents required for the Company's operation and development and the scope of duties and responsibilities of the managers, and shall be submitted to the Remuneration Committee for review and to the Board of Directors for approval.

The Company conducts annual budget review and sets performance goals for the business units, and pays performance bonuses based on the achievement of performance goals.

The Company has established standards for the appropriation of directors' and employees' remuneration. According to the Company's Articles of Incorporation, the Company shall appropriate 6% to 10% of its profits as employees' remuneration, and no more than 3% as directors' remuneration. The appropriation and distribution shall be submitted to the Remuneration Committee for review and to the Board of Directors for approval.

Items Disclosed in Notes

(I) Information on major transactions

The information on major transactions that the Company should disclose in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in 2023 is as follows:

- Lending of funds to others: None.

Making of endorsements and guarantees for others:

Unit: NT\$ thousand

Serial No.	Name of the endorser/guarantor	Endorsee/guarantee Name of company	Relationship	Limit of the guarantee/endorsement amount for a single enterprise	Maximum endorsement/guarantee balance for the period	Ending endorsement/guarantee balance	Actual expenditures	Amount of endorsement/guarantees with property guarantee	The ratio of accumulated endorsements/guarantees to the net value of the latest financial statements	Maximum amount limits for endorsement/guarantees	Endorsements/guarantees provided by parent company to the subsidiaries	Endorsements/guarantees provided by subsidiaries to the parent company	Endorsements/guarantees in China
0	ShareHope Medicine Co., Ltd.	Minsheng General Hospital	1	1,550,424	228,736	228,736	228,736	-	6.56%	1,743,968	N	N	N

Note 1: The explanation of the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered sequentially with Arabic numerals starting from 1 by company type.

Note 2: There are 7 types of relationships between the endorser and the endorsee. Please mark the type:

(1) Companies with who the Company does business.

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

(3) Companies that directly and indirectly hold more than 50% of the Company's voting shares.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

- (4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
 (5) Companies among the peers and co-contractors that provide mutual guarantee for the purposes of undertaking projects in accordance with contractual terms.
 (6) Companies that are endorsed/guaranteed by all contributing shareholders in proportion to their shareholdings due to joint investments.
 (7) Peers who provide joint guarantees for the performance of house presales contracts in accordance with the Consumer Protection Act.

Note 3: The limits specified in the Procedures for Endorsement and Guarantee of ShareHope Medicine Co., Ltd. are as follows:

- (1) The endorsement and guarantee amount for a single enterprise shall not exceed 20% of the current net value, and the amount of an endorsement/guarantee provided for a transaction shall not exceed the total amount of the transaction made by the enterprise with ShareHope Medicine Co., Ltd.
 (2) The total amount of endorsements and guarantees provided for others shall not exceed 50% of the current net value.

Securities held at the end of the period (excluding investments in subsidiaries and affiliates, and interests in joint ventures):

Unit: NT\$ thousand

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	End of the period				Remarks
				Contribution amount/number of shares (thousand shares or thousand)	Carrying amount	Shareholding ratio	Fair value	
The Company	Fund beneficiary certificates Federal Money Market Fund	None	Financial assets at fair value through profit or loss - current	771	10,463	-	10,463	
The Company	Stock Tsaihsin Health Business Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,000	19,684	3.70 %	19,684	
The Company	Stock Yichuang Second Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,000	16,143	0.92 %	16,143	
The Company	Stock Chunghua Development Biomedical Venture Capital Co., Ltd.	The Company is a legal representative supervisor of the company	Financial assets at fair value through other comprehensive income - non-current	1,129	49,333	2.86 %	49,333	
The Company	Stock Yiting Biotech Venture Capital Co., Ltd.	The Company is a legal person director of the company	Financial assets at fair value through other comprehensive income - non-current	4,095	80,586	7.50 %	80,586	
The Company	Stock BenQ BM Holding Cayman Corporation	None	Financial assets at fair value through other comprehensive income - non-current	5,258	341,871	2.15 %	341,871	
The Company	Limited partnership interests Chunghua Development Second Biomedical Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	67,868	100,296	3.22 %	100,296	
The Company	Stocks -AcroViz Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,820	22,441	9.71 %	22,441	

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Mytrex Health Company	Stock -Minsheng Asset Management Co., Ltd.	The chairperson of the Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	2,120	21,747	3.37 %	21,747
Mytrex Health Company	Stock Shangching Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	68	1,328	0.81 %	1,328
Mytrex Health Company	Stock Intelligent Medical Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,760	19,681	9.99 %	19,681
Mytrex Health Company	Stock Yiho Smart Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	6,175	19.53 %	6,175
Mytrex Health Company	Stock Yichuang Second Venture Capital Co., Ltd.	The Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	5,000	40,357	2.29 %	40,357
Pregetic Health Company	Stock Yita International Hospital Management Consulting Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	417	4,804	4.20 %	4,804

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	End of the period				Remarks
				Contribution amount/number of shares (thousand shares or thousand)	Carrying amount	Shareholding ratio	Fair value	
Pregetic Health Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	16,568	14.29 %	16,568	
Pregetic Health Company	Stock Kangchien Gene Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,304	21,342	14.81 %	21,342	
Hung-Han Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,143	3.57 %	4,143	
Fuyi Company	Limited partnership interests Chunchuang Development Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	19,813	24,386	1.75 %	24,386	
Medzoneasia	Stock Yaosheng Information Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	500	43,771	10.00 %	43,771	
					814,972		814,972	

The amounts from purchase or sale of the same securities that accumulatively amount to NT\$300 million or account for more than 20% of paid-in capital: none.

The amounts from acquisition of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.

The amounts from disposal of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.

The amounts from purchase and sale of goods from and to related parties that amount to NT\$100 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Purchaser (seller)	Name of the counterparty	Relationship	Transaction details				Cases where transactions are made in different conditions from general transactions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sell)	amount	Ratio of the amount to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of the balance to notes and accounts receivable (payable)	
The Company	Minsheng General Hospital	Substantial related party	(Sell)	(1,039,719)	(44.93) %	Net 180 days	-		654,215	57.08%	
The Company	Minsheng General Hospital	Substantial related party	Service income	(470,530)	(20.33) %	Net 30-180 days	-		288,381	25.16%	
The Company	Minsheng General Hospital	Substantial related party	Lease income	(40,175)	(1.74) %	Net 30-180 days	-		11,476	1.00%	
									<u>954,072</u>		
The Company	YES Health Company	Subsidiary	(Sell)	(172,556)	(7.46) %	Net 60 days	-		65,834	5.74%	
YES Health Company	The Company	Parent	Purchase	172,556	1.00 %	Net 60 days	-		(65,834)	(29.51)%	

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Receivables from related parties amount to NT\$100 million or account for more than 20% of the paid-in capital:

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Unit: NT\$ thousand

Payee of the accounts receivable	Name of the counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue related party receivables		Amount received in subsequent periods	Amount provisioned for loss allowances
					Amount	Accounting treatment		
The Company	Minsheng General Hospital	Substantial related party	954,072	1.68	-		387,896	191

Engagement in derivatives transactions: none.

Relevant information on reinvestment business (excluding investees in mainland China):

The information on the reinvestment business of the Company in 2023 is as follows:

Unit: NT\$ thousand/thousand shares

Name of investor	Name of investee	Region	Principal business	Initial investment amount		Shareholding at the end of the period			Profits and losses of the investee for the period	Investment income and losses recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Mytrex Health Company	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	310,286	310,286	22,454	61.46%	399,053	(56,219)	(34,552)	Note 1
The Company	ShareHope Medicine (HongKong) Co., Ltd.	Hong Kong, China	Investment management	44,831	44,831	1,500	100.00%	20,831	(1,529)	(1,529)	Note 1
The Company	Chungyuan Medical Management Co., Ltd.	Taoyuan City	Management Consulting Services	11,389	11,389	1,000	100.00%	11,705	57	57	Note 1
The Company	Pohui Biotechnology Co., Ltd.	Taipei City	Biotechnology Services	22,106	22,106	2,211	25.00%	750	(274)	(69)	Note 2
The Company	Medzoneasia	Taoyuan City	Health management services and hotels	336,669	314,169	17,154	91.47%	129,466	(31,145)	(24,145)	Note 1
The Company	Pregetic Health Company	Taoyuan City	Health management services	101,000	101,000	10,500	38.90%	86,804	(68,269)	(26,534)	Note 1
The Company	Shengshih Technology Co., Ltd.	Taipei City	Management Consulting Services	1,000	1,000	100	100.00%	784	(61)	(61)	Note 1
The Company	Sheng Tai Food Technology Co., Ltd.	Taipei City	Food and beverage retail	800	-	80	80.00%	166	(792)	(634)	Note 1
The Company	YWLT Co., Ltd.	Taipei City	Biotechnology Services	1,000	-	100	100.00%	956	(44)	(44)	Note 1
Mytrex Health Company	Mytrex USA Co.	California, USA	Health care support services	23,516	23,516	800	88.89%	12,295	26	23	Note 1
Mytrex Health Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	10,000	10,000	667	22.37%	10,461	1,055	236	Note 2
Mytrex Health Company	Mytrex Industries Inc.	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	447,888	507,888	6,000	100.00%	210,554	(30,758)	(30,758)	Note 1
Mytrex Health Company	Sheng Yo Company	Tainan City	Health management services	20,000	20,000	2,000	90.91%	10,904	(4,865)	(4,423)	Note 1
Mytrex Health Company	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	230,000	-	6,035	100.00%	222,041	(11,911)	(11,164)	Note 1 and 3
Chungyuan Medical	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	2,000	2,000	200	6.71%	2,085	1,055	71	Note 2

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Management Company											
Medzoneasia	TECHGROUP Integrate Design Co., Ltd.	New Taipei City	Medical information software services	50,759	50,759	1	51.00%	40,391	7,807	1,041	Note 1
Medzoneasia	Shengyu Health Technologies Co., Ltd.	Taoyuan City	Other management consulting services	2,000	-	200	40.00%	-	(4,776)	(2,000)	Note 2
Medzoneasia	Global Biotech Multimedia Co., Ltd.	Taipei City	Magazine (periodical) publication	10,000	10,000	500	23.98%	9,207	160	(80)	Note 2
Medzoneasia	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	-	221,180	-	- %	-	(11,911)	(1,632)	Note 1 and 3
Medzoneasia	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	-	72,155	-	- %	-	8,085	1,012	Note 1 and 3
Medzoneasia	Digimed Co., Ltd.	Taipei City	Information software services	6,000	6,000	600	60.00%	4,595	3,507	2,104	Note 1
Pregetic Health Company	Hung-Han Company	Taipei City	Health management services	128,880	118,880	5,500	100.00%	76,468	(19,159)	(20,351)	Note 1
Pregetic Health Company	Employee Community Co., Ltd.	Taipei City	Advertising	1,700	1,700	170	48.57%	377	(19)	(9)	Note 2
Pregetic Health Company	Fuyi Company	Taipei City	Health management consulting services	229,288	204,288	20,500	100.00%	168,223	(37,619)	(38,156)	Note 1
Pregetic Health Company	Anchun Technology Co., Ltd.	Taipei City	Health management services	20,000	20,000	2,000	40.00%	17,232	(5,108)	(2,043)	Note 2
Pregetic Health Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	-	1,000	50.00%	3,610	(11,275)	(2,972)	Note 1
Hung-Han Company	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	20,000	20,000	2,000	66.67%	4,415	(13,358)	(12,850)	Note 1
Hung-Han Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	10,000	1,000	50.00%	3,610	(11,275)	(8,303)	Note 1
Hung-Han Company	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	74,820	-	6,450	100.00%	79,888	8,085	18,220	Note 1 and 3
Fuyi Company	Shangchia Health Business Co., Ltd.	Taipei City	Health management services	33,900	23,900	3,390	33.90%	36,466	5,931	2,043	Note 2
Macro Global Co., Ltd.	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	10,000	-	1,000	33.33%	2,207	(13,358)	(508)	Note 1
YES Health Company	Digimed Co., Ltd.	Taipei City	Information software services	2,000	2,000	200	20.00%	1,532	3,507	701	Note 1

Note 1: It a subsidiary of the Company.

Note 2: It is an affiliate of the Company.

Note 3: In response to the restructure of the Group, Medzoneasia transferred their equity in Macro Global Corporation and YES Health Company in full to other related parties, Hung-Han Company and Mytrex Health Company, in February and March, 2023, respectively.

Information on investments in mainland China:

1. Information on reinvestments in mainland China:

Unit: NT\$/US\$ thousand

Name of investee company in Mainland China	Principal business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted outward or inward over the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profits and losses of the investee for the period	Shareholding ratio of the Company in direct or indirect investee	Investment income and losses recognized in the period (Note 2)	Book value of investment at the end of the period	Investment income received as of the end of the period
					Outward remittance	Inward remittance						
			(Note 1)									

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

					ncc							
Minsheng (Tianjin) Investment Management Co., Ltd.	Investment management	11,885	(2)	11,885	-	-	11,885	(769)	100.00%	(769)	2,586	-
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Hospital management consulting services	5,124	(1)	5,124	-	-	5,124	326	100.00%	326	6,781	-

Note 1: Investment methods can be classified into the following three types:

- (1) Directly invest in mainland China.
- (2) Reinvest in mainland companies through third regions.
- (3) Other methods.

Note 2: Financial statements audited by a certified public accountant of the parent company in Taiwan.

Note 3: The above transactions have been written off in the preparation of the Consolidated Financial Statements.

Limits for reinvestment in mainland China:

Unit: NT\$ thousand

Accumulated investment amount remitted from Taiwan to mainland China as of the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Investment limits in mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs (Note)
17,009	17,009	2,092,762

Note: 60% of the net value.

Information on major transactions: none.

Information about the major shareholder:

Unit: share

Name of the major shareholder	Share	Number of shares held	Shareholding
Minsheng Medical Holding Co., Ltd.		36,298,290	28.79%

Note 1: The information on the major shareholder in this table is calculated by CHEP on the last business day at the end of each quarter, based on the data about shareholders who hold a total of 5% of the ordinary shares and special shares of the Company that have been delivered without physical registration (including treasury shares). The share capital recorded in the Company's financial statements may be different from the actual number of shares delivered without physical registration depending on the calculation basis for the preparation.

Note 2: The above-mentioned information about shares transferred by shareholders to a trust is disclosed separately in the trustors' trust accounts opened by the trustees. In terms of the declaration of insider equity by shareholders who hold more than 10% of the Company's shares in accordance with the Securities and Exchange Act, their shareholdings include the shares held by them plus the shares they transferred to the trust which they have the right to use. For information on insider equity declaration, please refer to the MOPS.

Department Information

Please refer to the Consolidated Financial Statements for 2023.

ShareHope Medicine Co., Ltd.
Schedule of Cash and Cash Equivalents
December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and working capital	Cash and working capital	\$ 3,856
Bank deposits	Demand deposits	913,171
	Foreign currency demand deposits (Note 1)	60
Cash equivalents	Repurchase bonds	<u>50,761</u>
		<u>\$ 967,848</u>

Note 1:

	<u>Amount in original currency (NT\$)</u>	<u>Exchange rate</u>
USD	1,486.91	30.71
CNY	3,260.83	4.327

Note 2:

	<u>Amount in original currency (NT\$)</u>	<u>Maturity date</u>	<u>Interest rate</u>
NTD	50,761	113.2.5	0.76%

ShareHope Medicine Co., Ltd.
Schedule of Notes and Accounts Receivable and
Finance Lease Receivables

December 31, 2023

Unit: NT\$ thousand

<u>Account</u>	<u>Customer name</u>	<u>Amount</u>
Notes receivable	New Kunming Hospital	\$ 579
	Kangchihyo Pharmacy	107
	Others (less than 5% of the balance of this item)	17
		<u><u>\$ 703</u></u>
Accounts receivable	Weikung	\$ 8,369
	Yungkeng	7,841
	Others (less than 5% of the balance of this item)	33,219
		<u><u>\$ 49,429</u></u>
Accounts receivable - related parties	Minsheng General Hospital	\$ 950,375
	Others (less than 5% of the balance of this item)	118,974
Loss allowances		(216)
	Net accounts receivable - related parties	<u><u>\$ 1,069,133</u></u>
Finance lease receivables	Aikossu	<u><u>\$ 277</u></u>
Finance lease receivables - related parties-	Zhiyi Clinic	\$ 4,630
	Tayuan Minsheng Hospital	2,078
	Minsheng General Hospital	2,565
	Lungtan Minsheng Hospital	1,048
	Others (less than 5% of the balance of this item)	177
		<u><u>\$ 10,498</u></u>
Long-term finance lease receivables - related parties	Tayuan Minsheng Hospital	7,619
	Zhiyi Clinic	5,747
	Lungtan Minsheng Hospital	1,462
	Minsheng General Hospital	1,132
	Others (less than 5% of the balance of this item)	10
		<u><u>\$ 15,970</u></u>

ShareHope Medicine Co., Ltd.
Schedule of Financial Assets at Fair Value through Profit or Loss - Current and Non-current
December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Name of financial instrument	Summary	Shares or units	Face value	Total amount	Acquisition cost	Fair value	
						Unit price	Total amount
Financial assets at fair value through profit or loss - current							
Fund beneficiary certificates	Federal Money Market Fund	771	\$ 10,000	<u>10,000</u>	10,000	13.57	<u>10,463</u>
Financial assets at fair value through profit or loss - non-current							
Non-overseas listed stocks	Tsaihsin Health Business Co., Ltd.	1,000	-	<u>-</u>	15,000	19.68	<u>19,684</u>
				<u>\$ 10,000</u>			<u>19,684</u>

ShareHope Medicine Co., Ltd.
Schedule of Financial Assets at Fair Value through Other Comprehensive Income - Non-current
January 1 to December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Name	Beginning balance		Increase during the period		Decrease during the period		Valuation profit or loss	Ending balance		Guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Fair value	Number of shares (thousand shares)	Amount	
Chunghua Development Biomedical Venture Capital Co., Ltd.	3,000	\$ 50,026	-	-	1,871	18,714	18,021	1,129	49,333	None
Yiting Biotech Venture Capital Co., Ltd.	4,875	53,342	-	-	780	7,800	35,044	4,095	80,586	"
BenQ BM Holding Cayman Corporation	5,258	273,661	-	-	-	-	68,210	5,258	341,871	"
Chunghua Development Second Biomedical Venture Capital Limited Partnership	-	87,122	-	-	-	-	13,174	-	100,296	"
Yichuang Second Venture Capital Co., Ltd.	2,000	15,902	-	-	-	-	241	2,000	16,143	"
AcroViz Inc.	-	-	1,820	20,020	-	-	2,421	1,820	22,441	"
		<u>\$ 480,053</u>		<u>20,020</u>		<u>26,514</u>	<u>137,111</u>		<u>610,670</u>	

Note: This is the capital returned due to capital reduction of investees.

ShareHope Medicine Co., Ltd.
Schedule of Changes in Equity Method Investments
January 1 to December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Item	Beginning balance			Increase during the period		Decrease during the period (Note 1)		Share of profits and losses recognized by the equity method	Unrealized gains and losses on financial assets at fair value through other comprehensive income	Cumulative translation adjustment	Others (Note 2)	Ending balance			Guarantee or equity value	Pledge
	Number of shares	Shareholding	Amount	Number of shares	Amount	Number of shares	Amount					Number of shares	Shareholding	Amount		
Chungyuan Medical Management Co., Ltd.	1,000	100.00%	\$ 14,696	-	-	-	(3,048)	57	-	-	-	1,000	100.00%	11,705	11,705	None.
Mytrex Health Co., Ltd.	22,454	61.46%	432,827	-	-	-	-	(34,552)	(1,231)	(1)	2,010	22,454	61.46%	399,053	399,053	"
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia)	15,654		243,453	1,500	22,500	-	-	(24,145)	1,321	-	(113,663)	17,154	91.47%	129,466	129,467	"
Pohui Biotechnology Co., Ltd	2,211	60.21%	3,957	-	-	-	-	(68)	(3,139)	-	-	2,211	25.00%	750	750	"
ShareHope Medicine (HongKong) Co., Ltd.	1,500	25.00%	22,753	-	-	-	-	(1,529)	-	(393)	-	1,500	100.00%	20,831	20,831	"
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	-	00.00%	6,582	-	-	-	-	326	-	(127)	-	-	100.00%	6,781	6,781	"
Pregetic Medical Health Co., Ltd.	10,500	00.00%	114,907	-	-	-	-	(26,534)	(1,140)	-	(429)	10,500	38.90%	86,804	86,804	"
		39.93%														
Shengshih Technology Co., Ltd.	100	00.00%	845	-	-	-	-	(61)	-	-	-	100	100.00%	784	784	"
Sheng Tai Food Technology Co., Ltd.	-	-	-	80	800	-	-	(634)	-	-	-	80	80.00%	166	166	"
YWLT Co., Ltd.	-	%	-	100	1,000	-	-	(44)	-	-	-	100	100.00%	956	956	"
		%														
			\$ 840,020		24,300		(3,048)	(87,184)	(4,189)	(521)	(112,082)			657,296		

(Note 1) Cash dividends received from the subsidiary amounted to NT3,048 thousand.
(Note 2) It includes recognized NT\$41 thousand of remeasurement of subsidiaries’ defined benefit plans, and (NT\$112,123) thousand of changes in ownership interests in the subsidiaries.

ShareHope Medicine Co., Ltd.
Schedule of Notes and Accounts Payable
December 31, 2023

Unit: NT\$ thousand

Item	Summary	Amount
Accounts payable	GLOBAL VIEW BIOTECHNOLOGY INC.	\$ 4,000
	GRAND MEDICAL INSTRUMENT CO., LTD.	3,400
		<u>\$ 7,400</u>
Accounts payable	Yuli	\$ 127,797
	DKSH	72,335
	Chunyu	31,613
	Others (those less than 5% of the balance of this item)	406,687
		<u>\$ 638,432</u>
Accounts payable - related parties)	Macro Global Corporation	\$ 508
	Hsinchu Science Park Clinic	128
	Mytrex Health Company	61
	Others (those less than 5% of the balance of this item)	12
		<u>\$ 709</u>

ShareHope Medicine Co., Ltd.
Schedule of Operating Costs
January 1 to December 31, 2023

Unit: NT\$ thousand

<u>Summary</u>	<u>Summary</u>	<u>Amount</u>
Sales costs	Beginning inventory	\$ 41,321
	Add: net purchases during the period	1,541,010
	Logistics service fee	16,536
	Less: transferred for own use	(1,287)
	Ending inventory	<u>(41,977)</u>
		<u>1,555,603</u>
Lease costs	Maintenance fees	128
	Depreciation	<u>71,078</u>
		<u>71,206</u>
Service costs	Consumables inspection	101,929
	Salaries and bonuses	81,659
	Rent	23,939
	Depreciation	27,995
	Others (those less than 5% of the balance of this item)	<u>56,110</u>
		<u>291,632</u>
Operating costs		<u><u>\$ 1,918,441</u></u>

ShareHope Medicine Co., Ltd.
Schedule of Operating Expenses
January 1 to December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Marketing expenses</u>	<u>Administrative expenses</u>	<u>Total</u>
Salaries and bonuses	\$ 9,377	39,786	49,163
Pensions	885	-	885
Rental expenses	979	-	979
Service expenses	-	16,320	16,320
Other expenses	1,867	9,830	11,697
Employees' and directors' remuneration	-	13,271	13,271
Donation	-	8,493	8,493
Depreciation	9	41,337	41,346
Others (those less than 5% of the balance of this item)	<u>2,755</u>	<u>32,606</u>	<u>35,361</u>
	<u>\$ 15,872</u>	<u>161,643</u>	<u>177,515</u>

7. Financial status and financial performance Review analysis and risk matters

7.1 Financial status

Unit: Thousands of New Taiwan Dollars

Project \ year	111year	112year	difference	
			Amount	%
c u r r e n t a s s e t s	3,192,478	3,239,624	47,146	1.48%
Financial assets at fair value through profit or loss - non-current	82,086	19,684	(62,402)	(76.02%)
Financial assets measured at fair value through other comprehensive profit or loss – non - c u r r e n t	680,880	814,972	134,092	19.69%
Financial assets measured at fair value through other comprehensive profit or loss – non - c u r r e n t	40,590	44,500	3,910	9.63%
Investments using the equity method	69,965	76,578	6,613	9.45%
Property, Plant and Equipment	1,694,731	1,676,551	(18,180)	(1.07%)
r i g h t - o f - u s e a s s e t s	461,074	407,790	(53,284)	(11.56%)
i n v e s t m e n t r e a l e s t a t e	346,792	338,194	(8,598)	(2.48%)
i n t a n g i b l e a s s e t s	342,674	337,124	(5,550)	(1.62%)
O t h e r a s s e t s	466,486	490,521	24,035	5.15%
T o t a l a s s e t s	7,377,756	7,445,538	67,782	0.92%
c u r r e n t l i a b i l i t i e s	1,729,560	1,964,972	235,412	13.61%
n o n - c u r r e n t l i a b i l i t i e s	1,549,201	1,525,107	(24,094)	(1.56%)
t o t a l l i a b i l i t i e s	3,278,761	3,490,079	211,318	6.45%
Equity attributable to owners of the parent company	3,419,259	3,487,936	68,677	2.01%
E q u i t y	1,200,422	1,260,443	60,021	5.00%
c a p i t a l r e s e r v e	1,264,508	1,155,834	(108,674)	(8.59%)
r e t a i n e d e a r n i n g s	947,903	949,006	1,103	0.12%
Other rights and interests	6,426	122,653	116,227	1808.70%
n o n - c o n t r o l l i n g i n t e r e s t	679,736	467,523	(212,213)	(31.22%)
T o t a l e q u i t y	4,098,995	3,955,459	(143,536)	(3.50%)
Explanation of the reasons for the increase or decrease in the two phases: The increase or decrease ratio reaches 20% and the amount exceeds NT\$10,000,000				
1. Financial assets measured at fair value through profit and loss - non-current decrease: mainly due				

to the decrease in investment targets.

2. Increase in other equity: Mainly due to the increase in investment gains and losses on financial assets measured at fair value through other comprehensive gains and losses.
3. The decrease in non-controlling interests was mainly due to the repurchase of treasury shares by the subsidiary Smart Medical City (Co., Ltd.).

Source of data: Financial reports verified and certified by accountants

7.2 Business results

(1) Comparative analysis of operating results:

Unit: Thousands of New Taiwan Dollars

Project \ year	111year	112year	Increase (decrease) amount	Change ratio %
operating income	4,137,132	3,873,384	(263,748)	(6.38%)
Operating profit	983,911	726,377	(257,534)	(26.17%)
Business Profit and loss	339,116	119,099	(220,017)	(64.88%)
Non-operating income and expenses	822	(10,115)	(10,937)	(1330.54%)
Net profit before tax	339,938	108,984	(230,954)	(67.94%)
Net profit for the current period of continuing operations	244,110	55,265	(188,845)	(77.36%)
Losses from closed units	0	0	0	-
Net profit (loss) for the current period	244,110	55,265	(188,845)	(77.36%)
Other comprehensive gains and losses for the period (net of tax)	21,009	114,003	92,994	442.64%
Total comprehensive profit and loss for the period	265,119	169,268	(95,851)	(36.15%)
Earnings per share	2.33	0.99	(1.34)	(57.51%)
Analysis of increases and decreases: The increase or decrease ratio reaches 20% and the amount exceeds NT\$10,000,000				
<ol style="list-style-type: none"> 1. The decrease in operating gross profit, operating profit and loss, net profit before tax, net profit for the current period, and total comprehensive profit and loss for the current period: mainly due to the slowdown in the epidemic in 2012, the PCR business was significantly reduced, resulting in a decline in profits compared with the same period. 2. Decrease in non-operating income and expenses: mainly due to equipment impairment losses of subsidiaries in 2011 and profits from the sale of databases by subsidiaries. 3. The increase in other comprehensive gains and losses for the current period is mainly due to the increase in unrealized evaluation benefits arising from financial assets measured at fair value 				

through other comprehensive gains and losses in 2012 - non-current investee companies measured at fair value.

Source of data: Financial reports verified and certified by accountants

- (2) Expected sales volume and its basis, possible impact on the company's future financial business and corresponding plans

The company's 2023 sales forecast is based on factors such as market demand and industry development trends. In addition, the company will continue to develop new markets, continuously improve service quality, satisfy customers and maintain good cooperative relationships with suppliers.

7.3 Cash flow

1. Analysis and explanation of cash flow changes in the most recent year:

Unit: Thousands of New Taiwan Dollars

Project	Year 111	112 years	Increase (decrease) ratio (%)
Cash flow ratio (%)	37.15	13.09	(64.76%)
Cash flow adequacy ratio (%)	71.91	78.72	9.45%
Cash reinvestment ratio (%)	11.02	3.71	(66.33%)
Explanation of changes in increase and decrease ratios: Cash flow ratio and cash reinvestment ratio: This is due to the substantial decrease in inspection business and profit reduction in 2012, which resulted in a decrease in cash inflow from operating activities compared with the same period and a decrease in cash flow ratio.			

2. Cash liquidity analysis in the next year:

Unit: Thousands of New Taiwan Dollars

Opening cash balance	Estimated full-year net cash flow from operating activities	expected throughout the year Cash inflow/outflow	Estimated cash remaining (deficit) amount	Estimated cash shortfall Remedies	
				investment plan	financing plan

967,848	(76,182)	(20,000)	871,666	Not applicable	Not applicable
(1) Analysis of changes in cash amount in the next year: ① Business activities: It is estimated that the profit situation in 2013 will still grow steadily, showing a net cash inflow. ② Investment activities: In line with business development, the company will have capital expenditures such as purchasing equipment and purchasing securities, resulting in cash outflows. ③ Financing activities: The company will have cash outflows this year due to the repayment of part of its long-term and short-term borrowings. (2) Remedy measures and liquidity analysis of expected cash shortfall: NoApplicable.					

7.4 Impact of major capital expenditures on financial operations in recent years:

The company purchased real estate on Minsheng Road in Taoyuan in 2022 to build a smart "Minsheng Smart Medical City". The real estate acquisition cost was 1.16 billion, which was financed with long-term loans of 880 million and its own funds. "Minsheng Intelligent Medical City" has been transformed into Taiwan's innovative medical field. Shengyun Health Apartment has planned mid- to high-floor guest rooms to provide sub-healthy people with accommodation and experience one-stop medical services. A smart medical clinic has been set up on the lower floors to cover outpatient services and health examinations. , medical beauty business, the benefits will gradually emerge, and a new business model will be established for Taiwan's medical industry.

7.5 Reinvestment policy in the most recent year, main reasons for its profits or losses, improvement plans and investment plans for the next year

1. Reinvestment policy: business and operational needs
2. Main reasons for profits or losses and improvement plans:

112 years12moon31day;Unit: Thousands of New Taiwan Dollars

investment company	shareholding ratio	Recognition of the invested company's profits and losses for the most recent year	profit or loss main reason	improve plan
Mytrex Health Technologies, Inc.	61.46	(34,552)	Affected by the slowdown in the	Continue to expand business

investment company	shareholding ratio	Recognition of the invested company's profits and losses for the most recent year	profit or loss main reason	improve plan
			epidemic, the market demand for mask filter materials has declined	
Shenghong Pharmaceutical(Hongkong)company	100	(1,529)	Management and sales cost adjustment	Continue to expand business
Chungyuan Medical Management Co., Ltd.	100	57	Management and sales cost adjustment	Continue to expand business
Bohui Biotechnology(share)company	25	(69)	Blood reagents and technology transfer continue to be in the research and development stage	Continuous research and development
Medzoneasia Co., Ltd.	91.47	(24,145)	Business direction adjustment	Continue to expand business
Pregetic Medical Health Co., Ltd.	38.90	(26,534)	Gene database construction	Continue to expand business
Shengshi Digital Health Co., Ltd.	100	(61)	Management and sales cost adjustment	Continue to expand business
Shengtai Food Technology Co., Ltd.	80	(634)	Management and sales cost adjustment	Continue to expand business
Huiyun Microfluidics Co., Ltd.	100	(44)	Management and sales cost adjustment	Continue to expand business

Note 1:The most recent annual investment returns only express the investment profits and losses of a single company of the Company.

Note2:Investment plan for the next year: None.

Note3: In response to the group's organizational reorganization, the company disposed of all equity interests in the medical electronics company in April 2011.Smart Medical City Company.

7.6 Risk matters

(1) Risk factors:

1.The impact of interest rates, exchange rate changes, and inflation on the company's profits and losses and future response measures:

Unit: NT\$ thousand; %

Project	112 years	
	Amount	As a percentage of net profit before tax (%)
interest income	4,579	2.64
interest expense	34,121	19.66

Source of data: Financial reports verified and certified by accountants

(1)interest rate:

A.Impact on profit and loss

The company's interest income in 2023 was 4,579,000 yuan, accounting for 2.64% of the annual pre-tax net profit. Interest rate fluctuations have little impact on the overall profit.

The company's interest expense in 2023 was 34,121,000 yuan, accounting for 19.66% of the annual pre-tax net profit. Interest rate fluctuations have little impact on the overall profit.

B.Our company's response measures

The company's capital planning is based on the principle of conservatism and prudence. The company's source of capital needs also considers financing from the capital market to reduce its dependence on banks. The company regularly tracks financial market information, and in addition to maintaining good relationships with banks, it will also keep abreast of interest rate changes and choose the most advantageous way to use funds to obtain more favorable interest rates and reduce the risks caused by interest rate changes to the company.

(2)The impact of exchange rate changes on the company's operating profits:

The company's business model is mainly a domestic sales industry, and most purchases and sales are mainly traded in New Taiwan dollars, so exchange rate changes have no significant impact on the company's profits and losses.

(3) Inflation impact:

The company's products are not basic consumer goods for people's livelihood, and there is no immediate pressure on the sensitivity to inflation. However, the company will still pay close attention to the development of economic conditions to make appropriate responses.

2. Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

In the most recent year and as of the date of publication of the public prospectus, the Company has not engaged in high-risk, high-leverage investments, lending funds to others, or derivatives transactions, and the endorsement guarantee has been handled in accordance with prescribed procedures.

3. Future R&D plans and estimated R&D expenses:

The company's industry is medical logistics services, and its main focus is the expansion of business and channels. It is not a company oriented towards R&D plans. The company focuses on cultivating professional talents and innovating operating models, and invests in related expenses.

4. The impact of important domestic and foreign policy and legal changes on the company's financial business and the corresponding measures:

The company's operating policies are all handled in accordance with laws and regulations, and it pays attention to important domestic and foreign policy and legal changes at any time, consults relevant expert opinions when necessary, and takes appropriate response measures. As of the date of publication of the disclosure statement, the company has not been affected by important domestic and foreign policies and laws. Legal changes and major events that affect financial operations.

5. The impact of technological changes and industrial changes on the company's financial business and response measures:

As of the date of publication of the public statement of the Company in the most recent year, there has been no significant impact on the Company's financial

business due to technological changes and industrial changes.

- 6.The impact of changes in corporate image on corporate crisis management and countermeasures:

The company continues to provide integrated medical logistics management and other services, and has a good corporate image and company reputation. Since its establishment, we have been committed to maintaining the corporate image and complying with legal regulations. So far, no incidents that could affect the corporate image have occurred. If there is an incident that affects the corporate image in the future, the crisis management team composed of first-level managers of the company will meet at any time to respond to unexpected crises.

- 7.Expected benefits, possible risks and countermeasures for mergers and acquisitions: The Company currently has no plans for mergers and acquisitions.

- 8.Expected benefits, possible risks and countermeasures of expanding the factory: The Company currently has no plans to expand the factory.

- 9.Risks and countermeasures faced by the concentration of purchasing or sales:

- (1)Instructions on purchase status:

In order to prevent the risk of concentrated purchasing, the company maintains stable and market-flexible supply agreements with several suppliers. In addition to ensuring the quality and quantity of supply sources, it can also strengthen the integrity of the supply chain. and competitiveness.

- (2)Sales status description:

In order to avoid the risk of sales concentration on major customers, in addition to the stable basic customers with whom we have close cooperation, we will continue to develop customer sources with high-quality products and expand the scope of sales channels in the future to maintain stable sales targets.

- 10.The impact, risks and response measures of directors, supervisors or major shareholders holding more than 10% of the shares on the company due to large-scale transfer or replacement of shares: None.

- 11.The impact, risks and countermeasures of the change of management rights on the company: The company's management team focuses on the company's operations, supplemented by the assistance and support of directors and

supervisors, and there are no risks that may arise from changes in management rights to the company.

12. Other important risks and countermeasures: None

(2) Litigation or non-litigation events:

1. The company's litigation, non-litigation or administrative disputes in the past two years and as of the date of publication of the public prospectus that have been adjudicated or are still pending, and the results of which may have a significant impact on shareholders' rights and interests or securities prices, shall be disclosed. Facts in dispute, subject amount, start date of litigation, main parties involved and current handling situation:

without.

2. The lawsuits against the company's directors, supervisors, general managers, substantive persons in charge, major shareholders with a shareholding ratio of more than 10% and affiliated companies, which have been decided or are currently pending in the past two years and as of the date of publication of the prospectus, non-litigation or administrative disputes, the results of which may have a significant impact on the company's shareholders' rights or securities prices: None.

3. The company's directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10%, the circumstances specified in Article 157 of the Securities and Exchange Act in the last two years and as of the date of publication of the public statement, and the company's current handling situation: without

(3) If the company's directors, supervisors, managers and major shareholders holding more than 10% of the shares have experienced financial liquidity difficulties or loss of credit in the past two years and as of the date of publication of the public statement, they should list the circumstances. Impact on the company's financial position: None.

(4) Other important matters: without.

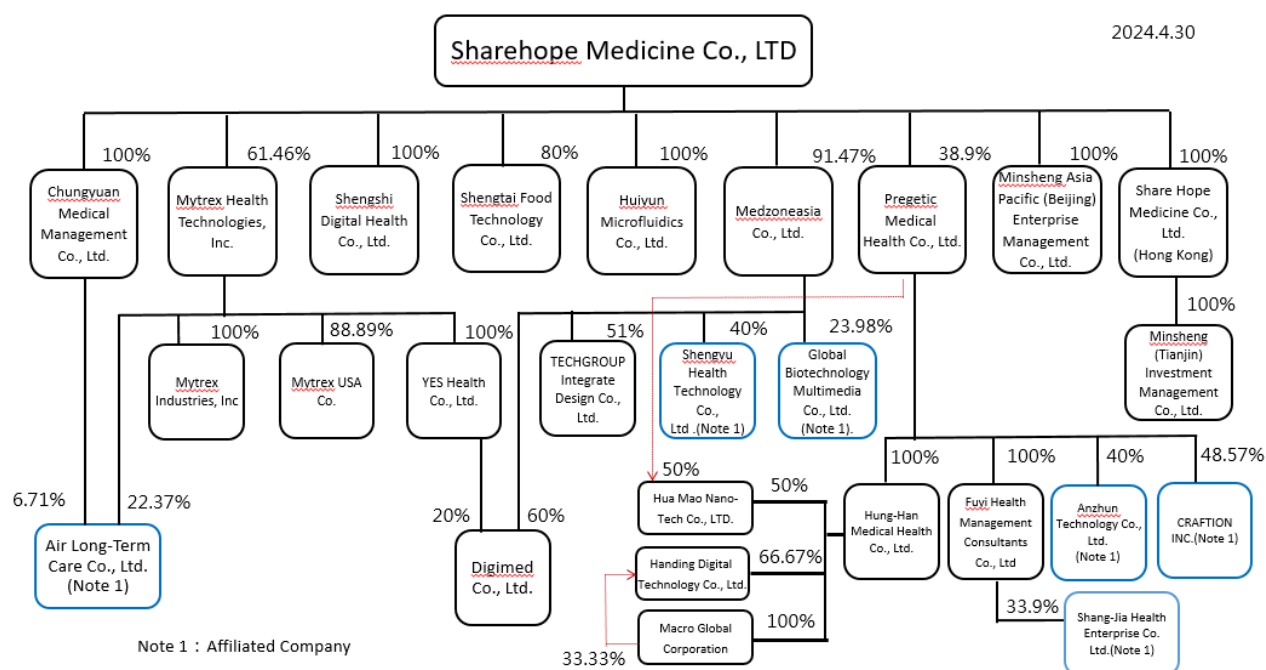
7.7 Other important matters: None.

8. Special matters recorded

8.1 Information related to related companies in the most recent year:

(1) Merger business report of related companies

1. Organization chart of related enterprises:



2. Basic information of each related enterprise

113.04.30

Company name	Date of establishment	address	Paid-in capital	Main business or production items
Mytrex Health Technologies, Inc.	79.08.06	Section 2, Hezhen North Road, Naidingli, Zhongli District, Taoyuan City545No.	36,536ten thousand	Nonwoven manufacturing and processing and sales of medical and sanitary materials
Share Hope Medicine Co., Ltd. (Hong Kong)	101.10.25	Room 511, 5/F, Tower 1, Sunshine Centre, 30 Canton Road, Tsim Sha Tsui, Kowloon	4,483ten thousand	Investment management industry
Chungyuan Medical Management Co., Ltd.	94.07.12	Jingguo Road, Taoyuan District, Taoyuan City168No.19building	1,000ten thousand	Management consulting industry
Bohui Biotechnology Co., Ltd.	101.08.24	Zhongxiao East Road, Xinyi District, Taipei City5part1Of10No.3building	8,842ten thousand	Biotechnology services industry

Company name	Date of establishment	address	Paid-in capital	Main business or production items
Medzoneasia Co., Ltd.	106.05.19	Ziqiang North Road, Guishan District, Taoyuan City17Lane 31No. 2building	18,754ten thousand	Pharmaceutical wholesale trading and medical information software services industry
Pregetic Medical Health Co., Ltd.	106.12.26	Jingguo Road, Taoyuan District, Taoyuan City168No.19building	26,992ten thousand	Health management service industry
Shengshi Digital Health Co., Ltd. (original name: Shengshi Technology Co., Ltd.)	108.07.02	No. 294, Section 1, Dunhua South Road, Da'an District, Taipei City, 9F-5	100ten thousand	Management consulting industry
Shengtai Food Technology Co., Ltd.	112.07.05	4th Floor, No. 495, Guangfu South Road, Xinyi District, Taipei City	100ten thousand	Food and Beverage Retail Industry
Huiyun Microfluidics Co., Ltd.	112.08.11	4th Floor, No. 495, Guangfu South Road, Xinyi District, Taipei City	1 million	Biotechnology services industry
Mytrex USA Co.(original name:TSVC Co.)	105.07.08	916 LIDO LANE FOSTER CITY , CA 94404	2,646ten thousand	Health Care Support Services
Air Long-Term Care Co., Ltd.	108.02.25	Art Street 1, Taoyuan District, Taoyuan City86Of5No.10building	2,980ten thousand	Management consulting industry
Mytrex Industries, Inc	110.11.05	No. 545, Section 2, Hezhen North Road, Naidingli, Zhongli District, Taoyuan City	6,000ten thousand	Nonwoven manufacturing and processing and sales of medical and sanitary materials
Shengyou Rehabilitation Technology Co., Ltd.	111.02.14	1F, No. 209, Section 2, Lin'an Road, North District, Tainan City	2,400ten thousand	Health management service industry
YES Health Co., Ltd.	104.02.05	Ziqiang North Road, Guishan District, Taoyuan City17lane31No.2building	6,035ten thousand	Drug wholesale trading and pharmacy management consulting
TECHGROUP Integrate Design Co., Ltd.	83.09.17	7th Floor, No. 53, Minquan Road, Yonghe District, New Taipei City	12 million	Medical information software service industry
Shengyu Health Technology Co., Ltd .	111.08.17	No. 106, Section 3, Sanmin Road, Taoyuan City, Taoyuan City (11th Floor)	500ten thousand	Other management consulting services
Global Biotechnology Multimedia Co., Ltd. (original name: Global Biotechnology Investment Co., Ltd.)	102.05.29	2F-3, No. 161, Songde Road, Xinyi District, Taipei City	2,085ten thousand	Magazine (journal) publishing industry
Digimed Co., Ltd.	109.05.20	3F, No. 300, Section 1, Neihsu Road, Neihsu District, Taipei City	1,000ten thousand	Information software services industry
Hung-Han Medical Health Co., Ltd.	108.05.03	3F-1, No. 300, Section 1, Neihsu Road, Neihsu District, Taipei City	5,500ten thousand	Health management service industry
CRAFTION INC.	106.07.18	9th Floor, No. 245, Section 2, Bade Road, Zhongshan District, Taipei City	350ten thousand	advertising industry
Fuyi Health Management Consultants Co., Ltd	105.08.08	12th Floor, No. 250, Section 1, Neihsu Road, Neihsu District, Taipei City	20,500ten thousand	Health management consulting industry

Company name	Date of establishment	address	Paid-in capital	Main business or production items
Anzhun Technology Co., Ltd.	111.04.25	4th Floor, No. 495, Guangfu South Road, Xinyi District, Taipei City	5,000ten thousand	Health management service industry
Hua Mao Nano-Tech Co., LTD.	111.09.22	4th Floor, No. 495, Guangfu South Road, Xinyi District, Taipei City	2,000ten thousand	health care industry
Handing Digital Technology Co., Ltd.	110.12.29	10th Floor, No. 82-7, Section 1, Guangfu Road, Sanchong District, New Taipei City	3,000ten thousand	Information software services industry
Macro Global Corporation	80.06.10	18F-3, No. 303, Zhongming South Road, West District, Taichung City	6,450ten thousand	Drug wholesale and trading
Shang-Jia Health Enterprise Co. Ltd.	110.03.02	4th Floor, No. 54, Section 1, Zhongxiao East Road, Zhongzheng District, Taipei City	10,000ten thousand	Health management service industry
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	103.09.17	Room 506, Floor 5, Building 7, No. 1, Jinfang Road, Chaoyang District, Beijing	512ten thousand	Hospital management consulting services
Minsheng (Tianjin) Investment Management Co., Ltd.	102.03.05	No. 12, Beijing-Tianjin Highway (west side), Hexiwu Town, Wuqing District, Tianjin	1,188ten thousand	Investment management industry

3. Information on the same shareholders as those presumed to have controlling and subordinate relationships: Not applicable.

4. The industries covered by the overall related business operations of the enterprise: Medical procurement, equipment leasing, nonwoven manufacturing and processing, management consulting,

Health management and information software services, etc..

5. Information on directors, supervisors and general managers of related companies:

113.04.30

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
Mytrex Health Technologies, Inc. (original name: Mincheng Co., Ltd.)	director	Yang Hongren	53,090	0.15%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Liu Qingwen	22,453,719	61.46%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Xu Shengxin	22,453,719	61.46%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Zhang Changrong	22,453,719	61.46%
		Representative of Yang Zheng Investment Co., Ltd.: Yang Wenren	177,814	0.49%

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
	independent director	Yang Kunzhang	0	0.00%
		Wu Mengchu	0	0.00%
		Zhang Hengyu	0	0.00%
		You Qizhang	0	0.00%
Share Hope Medicine Co., Ltd. (Hong Kong)	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	1,500,000	100.00%
Chungyuan Medical Management Co., Ltd. (original name: Shenghong Management Consulting Co., Ltd.)	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Liu Qingwen	1,000,000	100.00%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Wu Mingxun	1,000,000	100.00%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Huang Yamei	1,000,000	100.00%
	supervisor	Representative of Shenghong Pharmaceutical Co., Ltd.: Cai Yufang	1,000,000	100.00%
Bohui Biotechnology Co., Ltd.	director	Zhan Qixian	1,326,344	15.00%
		Representative of Zhide Investment Co., Ltd.: Wu Zhiwei	442,114	5.00%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	2,210,572	25.00%
		Pan Fei	0	0.00%
		Representative of Dechang Comprehensive Co., Ltd.: Hou Rushan	884,229	10.00%
	supervisor	Representative of Shengmaohe Investment Co., Ltd.: Lin Yushu	1,326,343	15.00%
Medzoneasia Co., Ltd. (original name: Shengyun E-commerce Co., Ltd.)	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	15,654,300	83.47%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Xu Shengxin	15,654,300	83.47%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Chen Pengxuan	15,654,300	83.47%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Liu Qingwen	15,654,300	83.47%
	supervisor	Cai Yufang	0	0.00%
Pregetic Medical Health Co., Ltd.	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Zhang Sigang	10,500,000	39.93%
		Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	10,500,000	39.93%
		Representative of Fubon Health Management Consulting Co., Ltd.: Wang Hongjun	7,796,875	39.93%

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
		Representative of Fubon Health Management Consulting Co., Ltd.: Zheng Da	7,796,875	29.65%
		China Development Two Biomedical Venture Capital Limited Partnership	7,400,000	29.65%
	supervisor	Ye Jingwen	0	0.00%
		Cai Zhiming	0	0.00%
Shengshi Digital Health Co., Ltd. (original name: Shengshi Technology Co., Ltd.)	director	Xu Shiming	0	0.00%
		Yang Hongren	0	0.00%
		Yang Shunjun	0	0.00%
		He Weiguang	0	0.00%
		Hong Taixiong	0	0.00%
	supervisor	Wu Xinyi	0	0.00%
Shengtai Food Technology Co., Ltd.	director	Hong Taixiong	15,000	15.00%
	director	Liu Xianglan	5,000	5.00%
	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	80,000	80.00%
	supervisor	Wu Xinyi	0	0.00%
Huiyun Microfluidics Co., Ltd.	director	Representative of Shenghong Pharmaceutical Co., Ltd.: Yang Hongren	0	100,000
Mytrex USA Co. (original name: TSVC Co.)	without	without	without	88.89%
Air Long-Term Care Co., Ltd.	director	Wang Yanren	1,180,000	39.60%
	supervisor	Li Hongyi	0	0.00%
Mytrex Industries, Inc	director	Representative of Mincheng Health Technology Co., Ltd.: Yang Kunzhang	6,000,000	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Yang Wenren	6,000,000	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Lu Meizhen	6,000,000	100.00%
Shengyou Rehabilitation Technology Co., Ltd.	director	Representative of Mincheng Health Technology Co., Ltd.: Yang Hongren	2,000,000	83.33%
		Hong Quancheng	0	0.00%
		Yang Kunzhang	100,000	4.17%
	supervisor	Li Yiqing	2,000,000	83.33%

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
YES Health Co., Ltd.	director	Representative of Mincheng Health Technology Co., Ltd.: Yang Hongren	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Xu Shengxin	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Chen Pengxuan	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Huang Huangshun	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Cai Mingcong	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Xiao Zhangming	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Fan Jingzhang	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Qiu Jianqiang	6,034,951	100.00%
		Representative of Mincheng Health Technology Co., Ltd.: Wang Baisen	6,034,951	100.00%
	supervisor	Representative of Mincheng Health Technology Co., Ltd.: Liu Qingwen	6,034,951	100.00%
TECHGROUP Integrate Design Co., Ltd.	director	Representative of Smart Medical City Co., Ltd.: He Weiguang	612	51.00%
		Representative of Intelligent Medical City Co., Ltd.: Liu Qingwen	612	51.00%
		Representative of Intelligent Medical City Co., Ltd.: Yang Hongren	612	51.00%
		Representative of Smart Medical City Co., Ltd.: Chen Pengxuan	612	51.00%
		Chen Liuchang	187	15.58%
		Tao Zhenrong	212	17.67%
		Yang Hongcheng	189	15.75%
	supervisor	Fu Lanying	0	0.00%
Shengyu Health Technology Co., Ltd.	director	Yang Peiyu	45,000	9.00%
	director	Representative of Minsheng Medical Control Co., Ltd.: Chen Lingyun	170,000	34.00%
	director	Representative of Minsheng Medical Control Co., Ltd.: Yang Wenren	170,000	34.00%
	supervisor	Yang Hongren	85,000	17.00%
Global Biotechnology Multimedia Co., Ltd. (original	director	Lin Mingding	170,000	8.15%
		Representative of Intelligent Medical City Co., Ltd.: Yang Hongren	500,000	23.98%

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
name: Global Biotechnology Investment Co., Ltd.)		Representative of Smart Medical City Co., Ltd.: He Weiguang	500,000	23.98%
		Representative of Qiancheng Asset Management Co., Ltd.: Liu Wensheng	417,500	20.02%
		Representative of Qiao Da Social Enterprise Co., Ltd.: Liao Weiting	250,000	11.99%
		Wu Zhenlong	417,500	20.02%
		Wang Yide	417,500	20.02%
		Wu Mengjie	75,000	3.60%
	supervisor	Weng Weilun	0	0.00%
Digimed Co., Ltd.	director	Yang Hongren	100,000	10.00%
		Smart Medical City Co., Ltd.	600,000	60.00%
		Leap Lion Health Co., Ltd.	200,000	20.00%
		He Weiguang	100,000	10.00%
	supervisor	Lin Hongwen	0	0.00%
Hung-Han Medical Health Co., Ltd.	director	Representative of Precision Health Co., Ltd.: Yang Hongren	5,500,000	100.00%
	supervisor	Representative of Precision Health Co., Ltd.: Ye Jingwen	5,500,000	100.00%
CRAFTION INC	director	Zheng Kaiwen	30,000	8.57%
		Dianjia Investment Co., Ltd.	80,000	22.86%
		Precision Health Co., Ltd.	170,000	48.57%
	supervisor	Lai Jianlang	0	0.00%
Fuyi Health Management Consulting Co., Ltd.	director	Representative of Precision Health Co., Ltd.: Yang Hongren	20,500,000	100.00%
Anzhun Technology Co., Ltd.	director	Representative of Precision Health Co., Ltd.: Yang Hongren	2,000,000	40.00%
		Wang Pinchao	2,250,000	45.00%
		Ye Jingwen	0	0.00%
	supervisor	najud	750,000	15.00%
Hua Mao Nano-Tech Co., LTD.	director	Representative of Honghan Health Care Co., Ltd.: Li Hongyi	1,000,000	50.00%
	supervisor	Representative of Precision Health Co., Ltd.: Ye Jingwen	1,000,000	50.00%
Handing Digital Technology Co., Ltd.	director	Representative of Honghan Health Care Co., Ltd.: Yang Hongren	2,000,000	66.67%
		Representative of Honghan Health Care Co., Ltd.: Li Hongyi	2,000,000	66.67%
		Representative of Honghan Health Care Co., Ltd.: Zhou Qingyun	2,000,000	66.67%

Company name	Professional title	Name or representative	hold shares	
			Number of shares (shares)	shareholding
				Proportion
	supervisor	Representative of Shengyun Pharmaceutical Co., Ltd.: Ye Jingwen	1,000,000	33.33%
Macro Global Corporation (former name: Macron Co., Ltd.)	director	Representative of Honghan Health Care Co., Ltd.: Yang Hongren	6,450,000	100.00%
		Representative of Honghan Health Care Co., Ltd.: Li Hongyi	6,450,000	100.00%
		Representative of Honghan Health Industry Co., Ltd.: Chen Pengxuan	6,450,000	100.00%
		Representative of Honghan Health Care Co., Ltd.: Cai Aiwen	6,450,000	100.00%
		Representative of Honghan Health Care Co., Ltd.: Shen Jiaxing	6,450,000	100.00%
	supervisor	Representative of Honghan Health Care Co., Ltd.: Ye Jingwen	6,450,000	100.00%
Shang-Jia Health Enterprise Co. Ltd.	director	Gao Riyong	2,400,000	24.00%
		Fuyi Health Management Consulting Co., Ltd.	2,390,000	23.90%
		jinxun development co., Ltd.	1,800,000	18.00%
		Huang Chengzhi	900,000	9.00%
		Xiao Baicheng	1,210,000	12.10%
	supervisor	Liao Yici	0	0.00%
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	without	without	without	100.00%
Minsheng (Tianjin) Investment Management Co., Ltd.	without	without	without	100.00%

6. Operation overview of related companies

(1) Financial status and operating results of each related enterprise:

112December 31, year; unit: NT\$0,000

Company name	Capital amount	assets total value	Liabilities total amount	net worth	Business income	Business Benefit	Profit and loss for the current period (after tax)	Earnings per share (Yuan)(after tax)
Mytrex Health Technologies, Inc.	365,356	695,384	20,540	674,844	0	(11,181)	(56,219)	(1.54)
Share Hope Medicine Co., Ltd. (Hong Kong)	44,831	20,831	0	20,831	0	(850)	(1,528)	-
Chungyuan Medical Management Co., Ltd.	10,000	11,722	17	11,705	0	(68)	57	0.06
Medzoneasia Co., Ltd.	187,543	239,584	103,953	135,631	28,455	(30,617)	(31,145)	(1.66)
Pregetic Medical Health Co., Ltd.	269,919	439,260	201,486	237,774	71,465	191	(68,269)	(2.49)
Shengshi Technology Co., Ltd. (formerly: Hongxin Management Consulting Co., Ltd.)	1,000	788	4	784	0	(65)	(61)	(0.61)
Shengtai Food Technology Co., Ltd.	1,000	214	6	208	0	(793)	(792)	(7.92)
Huiyun Microfluidics Co., Ltd.	1,000	962	6	956	0	(46)	(44)	(0.44)
Mytrex USA Co. (OriginalTSVC Co.)	26,456	13,831	0	13,831	0	(105)	26	0.01
Mytrex Industries, Inc	60,000	316,035	105,480	210,555	175,996	(33,959)	(30,758)	(5.13)
Shengyou Rehabilitation Technology Co., Ltd.	22,000	57,673	45,678	11,995	4,333	(3,633)	(4,865)	(2.21)
YES Health Co., Ltd.	60,350	621,241	458,817	162,424	1,112,640	(22,182)	(11,149)	(1.85)
TECHGROUP Integrate Design Co., Ltd.	12,000	43,987	22,456	21,531	60,978	9,630	7,807	6,506
Digimed Co., Ltd.	10,000	8,200	1,093	7,658	8,401	3,597	3,507	3.51
Hung-Han Medical Health Co., Ltd.	55,000	139,905	107,197	32,708	13,668	(13,548)	(19,159)	(3.80)
Fuyi Health Management Consultants Co., Ltd	205,000	338,937	249,287	89,650	59,922	(36,680)	(37,619)	(1.93)

Company name	Capital amount	assets total value	Liabilities total amount	net worth	Business income	Business Benefit	Profit and loss for the current period (after tax)	Earnings per share (Yuan)(after tax)
Hua Mao Nano-Tech Co., LTD.	20,000	23,654	16,434	7,220	6,672	(10,881)	(11,275)	(7.12)
Handing Digital Technology Co., Ltd.	30,000	9,705	3,083	6,622	4,237	(13,369)	(13,358)	(6.41)
Macro Global Corporation (former name: Macron Co., Ltd.)	64,500	128,083	58,442	69,641	224,868	10,591	8,085	1.25
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	5,124	7,031	249	6,782	888	268	326	-
Minsheng (Tianjin) Investment Management Company	11,885	4,810	2,224	2,586	0	(799)	(769)	-

Note1: The related enterprise is a foreign company, and the relevant figures are converted into New Taiwan Dollars on the date of this table.

Note2: The face value of each share of Fangding Information Co., Ltd. is 10,000 yuan, and 1 common stock has been issued. 200 shares.

(2) Consolidated financial statements of related enterprises and accountant review report: please See section Pages 204~288.

(3) Relationship report: None.

8.2 In the most recent year and as of the date of publication of the annual report, the situation of private placement securities: None.

8.3 In the most recent year and as of the publication date of the annual report, subsidiaries held or disposed of the company's stocks: None.

8.4 Other necessary supplementary explanations:

(one) Continue to track the OTC commitments

Our companyCommitment to adjust policies such as pricing and cooperation models for drug sales and health examination business with Minsheng system hospitals, Must go throughOur companyApproved by the board of directors, independent directors must attend to express their opinions and report by letterSecurities counter trading centerRecord and enter important information in the public information observatory.

- 9. In the most recent year and as of the date of publication of the annual report, whether any of the matters specified in Article 36 of the Securities and Exchange Act has occurredthreeMatters stipulated in the second paragraph of this item that have a significant impact on shareholders' equity or securities prices: None**

Shenghong Pharmaceutical Co., Ltd.

Chairman: Hung-Jen Yan

2023 ANNUAL REPORT

Missioncare | 敏盛醫療

TAIPEI

台北

- 哈佛健診 x2
- 躍獅藥局 x43
- 醫電數位轉型

HSINCHU

新竹

- 竹科員工診所
- 躍獅藥局 x4

MIAOLI

苗栗

- 為恭健診
- 躍獅藥局 x1

TAICHUNG

台中

- 盛雲藥品
- 躍獅藥局 x7

TAINAN

台南

- 躍獅藥局 x2
- 盛佑診所
- 哈佛健檢

TAOYUAN

桃園

- 敏盛醫院 x3
- 躍獅藥局 x12
- 哈佛健診
- 敏成健康科技
- 智醫診所
- 盛雲康寓
- 艾薇美抗衰老中心

CHANGHUA

彰化

- 躍獅藥局 x2

CHIAYI

嘉義

- 躍獅藥局 x1

KAOHSIUNG

高雄

- 躍獅藥局 x2

KEELUNG

基隆

- 躍獅藥局 x1

NEW TAIPEI

新北

- 躍獅藥局 x24
- 永耕健診
- 盛雲電商
- 方鼎資訊

NANTOU

南投

- 躍獅藥局 x1

TAITUNG

台東

- 躍獅藥局 x1

13 縣市 | 120 POCs

MS 敏盛綜合醫院

H 哈佛健診

YES 躍獅連鎖藥局

MS 敏盛智慧城

盛雲康寓

HEALTHY RESIDENCE

ShareHope

敏盛醫療股份有限公司

ShareHope Medicine Co., Ltd.

MYTREX

MYTREX

新竹科學工業園區員工診所

精準健康

PRECISE HEALTH

TECHGROUP

方鼎資訊股份有限公司

SY

盛佑診所

MS 敏盛建設股份有限公司

艾薇美

EVER BEAUTY

MISSIONCARE_FB

